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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 March 31, 2004

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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 March 31, 2004
Common Stock, $1 par value	519,823,776 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 our expected future results based on current and pending business operations. We make 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,” “could,” “continues,” “estimates,” “forecasts,” “might,” “potential,” “projects” 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 cause actual results to differ materially from forward-looking statements is contained in our 2003 Form 10-K.

The Williams Companies, Inc.

Consolidated Statement of Operations
(Unaudited)

(Dollars in millions, except per-share amounts)	Three months ended March 31, 2004	2003*
Revenues:		
Power	$ 2,296.4	$ 3,781.5
Gas Pipeline	342.9	323.3
Exploration & Production	165.2	243.9
Midstream Gas & Liquids	766.4	1,013.7
Other	12.6	28.0
Intercompany eliminations	(469.3)	(557.8)
Total revenues	3,114.2	4,832.6
Segment costs and expenses:		
Costs and operating expenses	2,727.2	4,473.5
Selling, general and administrative expenses	85.4	107.4
Other expense - net	8.3	.6
Total segment costs and expenses	2,820.9	4,581.5
General corporate expenses	32.0	22.9
Operating income (loss):		
Power	(11.1)	(130.5)
Gas Pipeline	145.0	149.4
Exploration & Production	48.6	111.7
Midstream Gas & Liquids	113.0	119.4
Other	(2.2)	1.1
General corporate expenses	(32.0)	(22.9)
Total operating income	261.3	228.2
Interest accrued	(243.3)	(352.8)
Interest capitalized	4.0	11.9
Interest rate swap loss	(8.1)	(2.8)
Investing income	10.5	46.3
Minority interest in income of consolidated subsidiaries	(4.8)	(3.5)
Other income - - net	.8	22.1
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principles	20.4	(50.6)
Provision (benefit) for income taxes	15.0	(11.3)
Income (loss) from continuing operations	5.4	(39.3)
Income (loss) from discontinued operations	4.5	(13.9)
Income (loss) before cumulative effect of change in accounting principles	9.9	(53.2)
Cumulative effect of change in accounting principles	—	(761.3)
Net income (loss)	9.9	(814.5)
Preferred stock dividends	—	6.8
Income (loss) applicable to common stock	$ 9.9	$ (821.3)
Basic earnings (loss) per common share:		
Income (loss) from continuing operations	$ .01	$ (.09)
Income (loss) from discontinued operations	.01	(.03)
Income (loss) before cumulative effect of change in accounting principles	.02	(.12)
Cumulative effect of change in accounting principles	—	(1.47)
Net income (loss)	$ .02	$ (1.59)
Weighted-average shares (thousands)	519,485	517,652
Diluted earnings (loss) per common share:		
Income (loss) from continuing operations	$ .01	$ (.09)
Income (loss) from discontinued operations	.01	(.03)
Income (loss) before cumulative effect of change in accounting principles	.02	(.12)
Cumulative effect of change in accounting principles	—	(1.47)
Net income (loss)	$ .02	$ (1.59)
Weighted-average shares (thousands)	525,752	517,652
Cash dividends per common share	$ .01	$ .01

*Certain amounts have been 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)	March 31, 2004	December 31, 2003*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,997.8	$ 2,315.7
Restricted cash	55.7	47.1
Restricted investments	283.6	93.2
Accounts and notes receivable less allowance of $102.8 ($112.2 in 2003)	1,511.0	1,638.4
Inventories	206.9	245.8
Derivative assets	4,037.1	3,166.8
Margin deposits	639.0	553.9
Assets of discontinued operations	136.6	409.3
Deferred income taxes	104.2	106.6
Other current assets and deferred charges	152.1	218.2
Total current assets	9,124.0	8,795.0
Restricted cash	142.3	159.8
Restricted investments	—	288.1
Investments	1,390.0	1,463.6
Property, plant and equipment, at cost	16,194.1	16,105.5
Less accumulated depreciation and depletion	(4,160.4)	(4,026.4)
	12,033.7	12,079.1
Derivative assets	3,386.8	2,495.6
Goodwill	1,014.5	1,014.5
Other assets and deferred charges	698.9	726.1
Total assets	$27,790.2	$27,021.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ —	$ 3.3
Accounts payable	997.3	1,238.3
Accrued liabilities	843.0	950.2
Liabilities of discontinued operations	14.7	77.7
Derivative liabilities	4,083.4	3,064.2
Long-term debt due within one year	443.4	936.4
Total current liabilities	6,381.8	6,270.1
Long-term debt	10,824.8	11,039.8
Deferred income taxes	2,405.0	2,453.4
Derivative liabilities	3,130.5	2,124.1
Other liabilities and deferred income	926.3	948.2
Contingent liabilities and commitments (Note 11)		
Minority interests in consolidated subsidiaries	87.7	84.1
Stockholders' equity:		
Common stock, $1 per share par value, 960 million shares authorized, 523 million issued in 2004, 521.4 million issued in 2003	523.0	521.4
Capital in excess of par value	5,205.8	5,195.1
Accumulated deficit	(1,422.0)	(1,426.8)
Accumulated other comprehensive loss	(209.1)	(121.0)
Other	(25.0)	(28.0)
	4,072.7	4,140.7
Less treasury stock (at cost), 3.2 million shares of common stock in 2004 and 2003	(38.6)	(38.6)
Total stockholders' equity	4,034.1	4,102.1
Total liabilities and stockholders' equity	$27,790.2	$27,021.8

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

See accompanying notes.

The Williams Companies, Inc.

Consolidated Statement of Cash Flows
(Unaudited)

	Three months ended March 31,	
	2004	2003*
	(Millions)	
OPERATING ACTIVITIES:		
Income (loss) from continuing operations	$ 5.4	$ (39.3)
Adjustments to reconcile to cash provided (used) by operations:		
Depreciation, depletion and amortization	163.6	167.7
Provision (benefit) for deferred income taxes	7.4	(22.3)
Provision for loss on investments, property and other assets	7.4	12.0
Net (gain) loss on disposition of assets	1.3	(.6)
Provision for uncollectible accounts	(3.8)	(2.0)
Minority interest in income of consolidated subsidiaries	4.8	3.5
Amortization of stock-based awards	4.1	17.2
Accrual for fixed rate interest included in the RMT note payable	—	33.0
Amortization of deferred set-up fee and fixed rate interest on RMT note payable	—	64.3
Cash provided (used) by changes in current assets and liabilities:		
Restricted cash	2.8	2.5
Accounts and notes receivable	159.2	(44.3)
Inventories	38.9	39.4
Margin deposits	(85.4)	(48.7)
Other current assets and deferred charges	64.9	(60.3)
Accounts payable	(209.9)	(88.6)
Accrued liabilities	(107.9)	(163.5)
Changes in current and noncurrent derivative assets and liabilities	114.5	(10.9)
Changes in noncurrent restricted cash	(.1)	(.5)
Other, including changes in noncurrent assets and liabilities	8.5	(45.6)
Net cash provided (used) by operating activities of continuing operations	175.7	(187.0)
Net cash provided (used) by operating activities of discontinued operations	(72.9)	90.3
Net cash provided (used) by operating activities	102.8	(96.7)
FINANCING ACTIVITIES:		
Payments of notes payable	(3.3)	(.1)
Proceeds from long-term debt	—	176.5
Payments of long-term debt	(708.3)	(360.5)
Proceeds from issuance of common stock	4.8	—
Dividends paid	(5.2)	(12.0)
Payments of debt issuance costs	—	(6.9)
Payments/dividends to minority interests	(1.2)	(.4)
Changes in restricted cash	6.3	(250.6)
Changes in cash overdrafts	(27.4)	(31.9)
Other—net	(.5)	.1
Net cash used by financing activities of continuing operations	(734.8)	(485.8)
Net cash used by financing activities of discontinued operations	—	(80.5)
Net cash used by financing activities	(734.8)	(566.3)
INVESTING ACTIVITIES:		
Property, plant and equipment:		
Capital expenditures	(127.8)	(235.1)
Proceeds from dispositions	.9	43.4
Purchases of investments/advances to affiliates	(.4)	(5.7)
Purchases of restricted investments	(235.9)	—
Proceeds from sales of businesses	279.9	636.2
Proceeds from sale of restricted investments	331.2	—
Proceeds from dispositions of investments and other assets	74.8	.1
Other—net	(9.3)	4.0
Net cash provided by investing activities of continuing operations	313.4	442.9
Net cash used by investing activities of discontinued operations	(.9)	(14.3)
Net cash provided by investing activities	312.5	428.6
Decrease in cash and cash equivalents	(319.5)	(234.4)
Cash and cash equivalents at beginning of period**	2,318.2	1,736.0
Cash and cash equivalents at end of period**	$1,998.7	$1,501.6

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

** Includes cash and cash equivalents of discontinued operations of $.9 million, $2.5 million, $98.4 million and $85.6 million at March 31, 2004, December 31, 2003, March 31, 2003 and December 31, 2002, respectively.

See accompanying notes.

The Williams Companies, Inc.

Notes to Consolidated Financial Statements
(Unaudited)

1. General

Company overview and outlook

In February 2003, we outlined our planned business strategy in response to the events that significantly impacted the energy sector and our company during late 2001 and much of 2002, including the collapse of Enron and the severe decline of the telecommunications industry. The plan focused on migrating to an integrated natural gas business comprised of a strong, but smaller, portfolio of natural gas businesses; reducing debt; and increasing our liquidity through asset sales, strategic levels of financing and reductions in operating costs. The plan was designed to address near-term and medium-term debt and liquidity issues, to de-leverage the company with the objective of returning to investment grade status and to develop a balance sheet and cash flows capable of supporting and ultimately growing our remaining businesses.

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2003, we successfully executed certain critical components of our plan during 2003. Key execution steps for 2004 and beyond include the completion of planned asset sales, additional reductions of our selling, general and administrative (SG&A) costs, the replacement of our cash-collateralized letter of credit and revolver facility with facilities that do not encumber cash and continuation of efforts to exit from the Power business. Projected asset sales are expected to generate proceeds of approximately $800 million in 2004 and include the Alaska refinery and certain Midstream Gas & Liquids (Midstream) assets including the straddle plants in western Canada. On March 31, 2004, we completed the sale of our Alaska refinery and related assets for approximately $304 million (see Note 5).

In April 2004, we entered into two new unsecured credit facilities totaling $500 million, which will be used primarily for issuing letters of credit. During April 2004, use of these new facilities released approximately $500 million of restricted cash, restricted investments and margin deposits (see Note 10). Also, on May 3, 2004, we entered into a new three-year $1 billion secured revolving credit facility. The revolving credit facility is secured by certain Midstream assets and a guarantee from Williams Gas Pipeline Company, LLC. (WGP) (see Note 10).

Power Business Status

Since mid-2002, we have been pursuing a strategy of exiting the Power business and have worked with financial advisors to assist with this effort. To date, several factors have contributed to the difficulty of achieving a complete exit from this business, including the following with respect to the wholesale power industry:

- oversupply position in most markets expected through the balance of the decade;
- slow North American gas supply response to high gas prices; and
- expectations of hybrid regulated/deregulated market structure for several years.

As a result of these factors and the size of our Power business, the number of financially viable parties expressing an interest in purchasing the entire business has been limited. Additionally, the current and near term view of the wholesale power market, which we interpret as depressed, has strongly influenced these parties' view of value and related risk associated with this business.

Notes (Continued)

Because market conditions may change, and we cannot determine the impact of this on a buyer's point of view, amounts ultimately received in any portfolio sale, contract liquidation or realization may be significantly different from the estimated economic value or carrying values reflected in the Consolidated Balance Sheet. In addition, our tolling agreements are not derivatives and thus have no carrying value in the Consolidated Balance Sheet pursuant to the application of Emerging Issues Task Force (EITF) Issue No. 02-3, "Issues Related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities," (EITF 02-3). Based on current market conditions, certain of these agreements are forecasted to realize significant future losses. It is possible that we may sell contracts for less than their carrying value or enter into agreements to terminate certain obligations, either of which could result in significant future loss recognition or reductions of future cash flows.

We continue to evaluate alternatives and discuss our plans and operating strategy for the Power business with our Board of Directors. As an alternative to continuing a plan of pursuing a complete exit from the Power business, we are evaluating whether the benefits of realizing the positive cash flows expected to be generated by this business through continued ownership exceed the benefits of a sale at a depressed price. If we pursue this alternative, we expect to continue our current program of managing this business to minimize financial risk, generate cash and manage existing contractual commitments.

Other

Our accompanying interim consolidated financial statements 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 our Annual Report on Form 10-K. The accompanying unaudited financial statements include all normal recurring adjustments and others, including asset impairments, loss accruals, and the change in accounting principles which, in the opinion of our management, are necessary to present fairly our financial position at March 31, 2004, and results of operations and cash flows for the three months ended March 31, 2004 and 2003.

During the second quarter of 2003, we corrected the accounting treatment previously applied to certain third-party derivative contracts during 2002 and 2001. We previously disclosed this in our Form 10-Q for the second quarter of 2003 and in our Form 10-K for the year ended December 31, 2003. Results for first-quarter 2003 include $13.7 million of revenue attributable to the prior periods. Our management, after consultation with our independent auditor, concluded that the effect of the previous accounting treatment was not material to 2003 and earlier periods and the trend of earnings.

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 Standards (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 5):

- retail travel centers concentrated in the Midsouth, part of the previously reported Petroleum Services segment;
- refining and marketing operations in the Midsouth, including the Midsouth refinery, part of the previously reported Petroleum Services segment;
- Texas Gas Transmission Corporation, previously one of Gas Pipeline's segments;
- natural gas properties in the Hugoton and Raton basins, previously part of the Exploration & Production segment;
- bio-energy operations, part of the previously reported Petroleum Services segment;
- our general partnership interest and limited partner investment in Williams Energy Partners, previously the Williams Energy Partners segment;
- the Colorado soda ash mining operations, part of the previously reported International segment;
- certain gas processing, natural gas liquids fractionation, storage and distribution operations in western Canada and at a plant in Redwater, Alberta, previously part of the Midstream segment;
- refining, retail and pipeline operations in Alaska, part of the previously reported Petroleum Services segment; and
- Gulf Liquids New River Project LLC, previously part of the Midstream segment.

Notes (Continued)

Unless indicated otherwise, the information in the Notes to the Consolidated Financial Statements relates to our continuing operations. We expect that other components of our business may be classified as discontinued operations in the future as those operations are sold or classified as held-for-sale.

We have restated all segment information in the Notes to Consolidated Financial Statements for the prior period presented to reflect the discontinued operations noted above, consistent with the presentation in our 2003 Form 10-K. Certain other statement of operations, balance sheet and cash flow amounts have been reclassified to conform to the current classifications.

3. Cumulative effect of change in accounting principles

Energy commodity risk management and trading activities and revenues

Effective January 1, 2003, we adopted EITF 02-3. As a result of initial application of this Issue, we reduced net income by $762.5 million (net of a $471.4 million benefit for income taxes) in first-quarter 2003. Approximately $755 million of the reduction in net income relates to Power, with the remainder relating to Midstream. The reduction of net income is reported as a cumulative effect of a change in accounting principle. The change resulted primarily from power tolling, load serving, transportation and storage contracts not meeting the definition of a derivative and no longer being reported at fair value.

Asset retirement obligations

Effective January 1, 2003, we also adopted SFAS No. 143, “Accounting for Asset Retirement Obligations.” As required by the new standard, we recorded liabilities equal to the present value of expected future asset retirement obligations at January 1, 2003. As a result of the adoption of SFAS No. 143, we recorded a credit to earnings of $1.2 million (net of a $.1 million provision for income taxes) reflected as a cumulative effect of a change in accounting principle. In connection with adoption of SFAS No. 143, we changed our method of accounting to include salvage value of equipment related to producing wells in the calculation of depreciation. The impact of this change is included in the effect of adoption.

4. Provision (benefit) for income taxes

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

	Three months ended March 31,	
	2004	2003
	(Millions)	
Current:		
Federal	$ 3.2	$ 6.3
State	1.8	4.7
Foreign	2.6	—
	7.6	11.0
Deferred:		
Federal	(.6)	(16.6)
State	2.1	(3.0)
Foreign	5.9	(2.7)
	7.4	(22.3)
Total provision (benefit)	$15.0	$(11.3)

The effective income tax rate for the three months ended March 31, 2004, is greater than the federal statutory rate due primarily to an accrual for income tax contingencies, net foreign operations, and state income taxes.

The effective income tax rate for the three months ended March 31, 2003, is less than the federal statutory rate (less tax benefit) due primarily to an accrual for income tax contingencies and state income taxes.

Notes (Continued)

5. Discontinued operations

During 2002, we began the process of selling assets and/or businesses to address liquidity issues. The businesses discussed below represent components that have been sold or approved for sale by our Board of Directors as of March 31, 2004; therefore, their results of operations (including any impairments, gains or losses), financial position and cash flows have been reflected in the consolidated financial statements and notes as discontinued operations.

Summarized results of discontinued operations

The following table presents the summarized results of discontinued operations for the three months ended March 31, 2004 and March 31, 2003. Income from discontinued operations before income taxes for the first quarter of 2004 includes a charge of $17.4 million to adjust our accrued liability associated with certain Quality Bank litigation matters (see Note 11).

	Three months ended March 31,	
	2004	2003
	(Millions)	
Revenues	$245.5	$1,161.3
Income from discontinued operations before income taxes	.5	91.9
(Impairments) and gain (loss) on sales — net	6.9	(117.3)
Benefit (provision) for income taxes	(2.9)	11.5
Income (loss) from discontinued operations	$ 4.5	$ (13.9)

Summarized assets and liabilities of discontinued operations

The following table presents the summarized assets and liabilities of discontinued operations as of March 31, 2004 and December 31, 2003. The December 31, 2003, balances include the assets and liabilities of the Gulf Liquids New River Project LLC (Gulf Liquids) and the Alaska refining, retail and pipeline operations. The March 31, 2004 balances include Gulf Liquids and the remaining working capital amounts of the Alaska refining, retail and pipeline operations. The assets and liabilities for both time periods are reflected on the Consolidated Balance Sheet as current assets of discontinued operations and current liabilities of discontinued operations.

	March 31, 2004	December 31, 2003
	(Millions)	
Total current assets	$ 76.5	$143.4
Property, plant and equipment — net	58.7	263.9
Other non-current assets	1.4	2.0
Total non-current assets	60.1	265.9
Total assets	$136.6	$409.3
Total current liabilities	$ 13.7	$ 65.4
Long-term debt	—	.3
Other non-current liabilities	1.0	12.0
Total non-current liabilities	1.0	12.3
Total liabilities	$ 14.7	$ 77.7

Notes (Continued)

Held for sale at March 31, 2004

Gulf Liquids New River Project LLC

During second-quarter 2003, our Board of Directors approved a plan authorizing management to negotiate and facilitate a sale of the assets of Gulf Liquids. The Gulf Liquids assets were previously written down to their estimated fair value less cost to sell at December 31, 2003. We estimated fair value based on a probability-weighted analysis of various scenarios, including expected sales prices, discounted cash flows and salvage valuations. During first-quarter 2004, we initiated a second bid process and expect the sale of these operations to be completed in mid-2004. These operations were part of the Midstream segment.

2004 completed transactions

Alaska refining, retail and pipeline operations

On March 31, 2004, we completed the sale of our Alaska refinery, retail and pipeline and related assets for approximately $304 million (consisting of $279 million in cash and a $25 million short-term receivable), subject to closing adjustments for items such as the value of petroleum inventories. Throughout the sales negotiation process, we regularly reassessed the estimated fair value of these assets based on information obtained from the sales negotiations using a probability-weighted approach. We recognized a $3.6 million gain on the sale. The gain and an $8 million first-quarter 2003 impairment charge are included in (impairments) and gain (loss) on sales in the preceding table of summarized results of discontinued operations. These operations were part of the previously reported Petroleum Services segment.

2003 Completed transactions

Canadian liquids operations

During the third quarter of 2003, we completed the sale of certain gas processing, natural gas liquids fractionation, storage and distribution operations in western Canada and at our Redwater, Alberta plant for total proceeds of $246 million in cash. These operations were part of the Midstream segment.

Soda ash operations

On September 9, 2003, we completed the sale of our soda ash mining facility located in Colorado. During 2003, ongoing sale negotiations continued to provide new information regarding estimated fair value, and, as a result, the carrying value of these assets was adjusted periodically as necessary. A first-quarter 2003 impairment charge of $5 million is included in (impairments) and gain (loss) on sales in the preceding table of summarized results of discontinued operations. The soda ash operations were part of the previously reported International segment.

Williams Energy Partners

On June 17, 2003, we completed the sale of our 100 percent general partnership interest and 54.6 percent limited partner investment in Williams Energy Partners for approximately $512 million in cash and assumption by the purchasers of $570 million in debt. In December 2003, we received additional cash proceeds of $20 million following the occurrence of a contingent event.

Bio-energy facilities

On May 30, 2003, we completed the sale of our bio-energy operations for approximately $59 million in cash. These operations were part of the previously reported Petroleum Services segment.

Notes (Continued)

Natural gas properties

On May 30, 2003, we completed the sale of natural gas exploration and production properties in the Raton Basin in southern Colorado and the Hugoton Embayment in southwestern Kansas. This sale included all of our interests within these basins. These properties were part of the Exploration & Production segment.

Texas Gas

On May 16, 2003, we completed the sale of Texas Gas Transmission Corporation for $795 million in cash and the assumption by the purchaser of $250 million in existing Texas Gas debt. We recorded a $109 million impairment charge in first-quarter 2003 reflecting the excess of the carrying cost of the long-lived assets over our estimate of fair value based on our assessment of the expected sales price pursuant to the purchase and sale agreement. The impairment charge is included in (impairments) and gain (loss) on sales in the preceding table of summarized results of discontinued operations. Texas Gas was a segment within Gas Pipeline.

Midsouth refinery and related assets

On March 4, 2003, we completed the sale of our refinery and other related operations located in Memphis, Tennessee for $455 million in cash. These assets were previously written down to their estimated fair value less cost to sell at December 31, 2002. We recognized a pre-tax gain on sale of $4.7 million in the first quarter of 2003. The gain on sale is included in (impairments) and gain (loss) on sale in the preceding table of summarized results of discontinued operations. These operations were part of the previously reported Petroleum Services segment.

Williams travel centers

On February 27, 2003, we completed the sale of our travel centers for approximately $189 million in cash. We had previously written these assets down to their estimated fair value to sell at December 31, 2002, and did not recognize a significant gain or loss on the sale. These operations were part of the previously reported Petroleum Services segment.

Notes (Continued)

6. Earnings (loss) per share

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

	Three months ended March 31,	
	2004	2003
	(Dollars in millions, except per-share amounts; shares in thousands)	
Income (loss) from continuing operations	$ 5.4	$ (39.3)
Convertible preferred stock dividends	—	(6.8)
Income (loss) from continuing operations available to common stockholders for basic and diluted earnings per share	5.4	(46.1)
Basic weighted-average shares	519,485	517,652
Effect of dilutive securities:		
Stock options	3,843	—
Deferred shares unvested	2,424	—
Diluted weighted-average shares	525,752	517,652
Earnings (loss) per share from continuing operations:		
Basic	$ .01	$ (.09)
Diluted	$ .01	$ (.09)

For the three months ended March 31, 2004, approximately 27.5 million weighted-average shares related to the assumed conversion of convertible debentures, as well as the related interest, have been excluded from the computation of diluted earnings per common share as their inclusion would be antidilutive.

For the three months ended March 31, 2003, approximately 1.7 million weighted-average stock options, approximately 14.7 million weighted-average shares related to the assumed conversion of 9 7/8 percent cumulative convertible preferred stock and approximately 3.2 million weighted-average unvested deferred shares, that otherwise would have been included, have been excluded from the computation of diluted earnings per common share as their inclusion would be antidilutive.

Notes (Continued)

7. Employee benefit plans

Net pension and other postretirement benefit expense for the three months ended March 31, 2004 and 2003 is as follows:

	Pension Benefits		Other Postretirement Benefits	
	Three months ended March 31,		Three months ended March 31,	
	2004	2003	2004	2003
	(Millions)			
Service cost	$ 7.0	$ 6.5	$ 1.5	$ 1.7
Interest cost	14.5	13.4	5.7	6.4
Expected return on plan assets	(14.9)	(13.8)	(3.1)	(3.5)
Amortization of transition obligation	—	—	.6	.7
Amortization of prior service cost (credit)	(.7)	(.6)	.2	.2
Recognized net actuarial loss	3.7	3.4	—	—
Regulatory asset amortization (deferral)	1.1	.1	1.6	2.7
Settlement/curtailment expense	—	1.5	—	—
Net periodic pension and postretirement benefit expense	$ 10.7	$ 10.5	$ 6.5	$ 8.2

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2003, we expect to contribute approximately $60 million to our pension plans and approximately $15 million to our other postretirement benefit plans in 2004. As of March 31, 2004, $.7 million has been contributed to our pension plans and $2.5 million has been contributed to our other postretirement benefit plans. We presently anticipate contributing approximately an additional $59 million to fund our pension plans in 2004 for a total of approximately $60 million. We presently anticipate contributing approximately an additional $12 million to our other postretirement benefit plans in 2004 for a total of approximately $15 million.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Our health care plan for retirees includes prescription drug coverage. Management is evaluating the impact of the Act on the future obligations of the plan. In accordance with FASB Staff Position No. FAS 106-1, “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003,” the provisions of the Act are not reflected in any measures of benefit obligations or other postretirement benefit expense in the financial statements or accompanying notes. Authoritative guidance on the accounting for a federal subsidy is pending. That guidance, as currently drafted would require any change in obligation attributable to prior service be deferred and recognized over future periods if the plan is deemed to be actuarially equivalent and eligible for the subsidy. As proposed, this guidance would be effective for us beginning July 1, 2004.

Notes (Continued)

8. Stock-based compensation

Employee stock-based awards are accounted for under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (APB 25) and related interpretations. Fixed-plan common stock options generally do not result in compensation expense because the exercise price of the stock options equals the market price of the underlying stock on the date of grant. The following table illustrates the effect on net income (loss) and earnings (loss) per share if we had applied the fair value recognition provisions of SFAS No. 123 “Accounting for Stock-Based Compensation.”

	Three months ended March 31,	
	2004	2003
	(Millions)	
Net income (loss), as reported	$ 9.9	$(814.5)
Add: Stock-based employee compensation included in the Consolidated Statement of Operations, net of related tax effects	4.4	10.6
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(7.4)	(14.7)
Pro forma net income (loss)	$ 6.9	$(818.6)
Earnings (loss) per share:		
Basic-as reported	$ .02	$ (1.59)
Basic-pro forma	$ .01	$ (1.59)
Diluted-as reported	$ .02	$ (1.59)
Diluted-pro forma	$ .01	$ (1.59)

Pro forma amounts for 2004 include compensation expense from awards of our company stock made in 2004, 2003, 2002 and 2001. Also included in the 2004 pro forma expense is $1 million of incremental expense associated with the stock option exchange program described below. Pro forma amounts for 2003 include compensation expense from awards made in 2003, 2002 and 2001.

Since compensation expense for stock options is recognized over the future years’ vesting period for pro forma disclosure purposes and additional awards are generally made each year, pro forma amounts may not be representative of future years’ amounts.

On May 15, 2003, our shareholders approved a stock option exchange program. Under this exchange program, eligible employees were given a one-time opportunity to exchange certain outstanding options for a proportionately lesser number of options at an exercise price to be determined at the grant date of the new options. Surrendered options were cancelled June 26, 2003, and replacement options were granted on December 29, 2003. We did not recognize any expense pursuant to the stock option exchange. However, for purposes of pro forma disclosures, we recognized additional expense related to these new options. The remaining expense on the cancelled options will be amortized through year-end 2004.

Notes (Continued)

9. Inventories

Inventories at March 31, 2004 and December 31, 2003 are as follows:

	March 31, 2004	December 31, 2003
	(Millions)	
Finished goods:		
Refined products	$ 19.1	$ 8.0
Natural gas liquids	51.0	40.6
	70.1	48.6
Natural gas in underground storage	74.4	132.5
Materials, supplies and other	62.4	64.7
	$206.9	$245.8

10. Debt and banking arrangements

Notes payable and long-term debt

Notes payable and long-term debt at March 31, 2004 and December 31, 2003, are as follows:

	Weighted-Average Interest Rate (1)	March 31, 2004	December 31, 2003
		(Millions)	
Secured notes payable	—%	$ —	$ 3.3
Long-term debt:			
Secured long-term debt			
Notes, 6.62%-9.45%, payable through 2016	8.0%	$ 234.7	$ 243.7
Notes, adjustable rate, payable through 2016	3.3%	596.7	603.7
Unsecured long-term debt			
Debentures, 5.5%-10.25%, payable through 2033	7.0%	1,645.6	1,645.2
Notes, 6.125%-9.25%, payable through 2032 (2)	7.5%	8,712.0	9,404.3
Other, payable through 2007	4.0%	79.2	79.3
		11,268.2	11,976.2
Long-term debt due within one year		(443.4)	(936.4)
Total long-term debt		$10,824.8	$11,039.8

(1) At March 31, 2004.

(2) Includes $1.1 billion of 6.5 percent notes payable 2007, subject to remarketing in November 2004, discussed below.

Long-term debt includes $1.1 billion of 6.5 percent notes, payable in 2007, which are subject to remarketing in 2004. These FELINE PACS include equity forward contracts that require the holder to purchase shares of our common stock in 2005. If a remarketing is unsuccessful in 2004 and a second remarketing in February 2005 is unsuccessful as defined in the offering document for the FELINE PACS, then we could exercise our right to foreclose on the notes in order to satisfy the obligation of the holders of the equity forward contracts requiring the holder to purchase our common stock. This would be a non-cash transaction.

Notes (Continued)

On February 25, 2004, our Exploration & Production segment amended its $500 million secured variable rate note. The amendment reduced the floating interest rate from the London InterBank Offered Rate (LIBOR) plus 3.75 percent to LIBOR plus 2.5 percent. The amendment also extended the maturity date from May 30, 2007 to May 30, 2008. The amendment provides for an additional reduction in the interest rate by 25 basis points, or 0.25 percent, if we meet certain credit-rating requirements. The significant covenants were not altered by the amendment.

We are required by certain foreign lenders to ensure that the interest rates received by them under various loan agreements are not reduced by taxes by providing for the reimbursement of any domestic taxes required to be paid by the foreign lender. The maximum potential amount of future payments under these indemnifications is based on the related borrowings, generally continue indefinitely unless limited by the underlying tax regulations, and have no carrying value. We have never been called upon to perform under these indemnifications.

Revolving credit and letter of credit facilities

The interest rate on our current $800 million secured revolving and letter of credit facility is variable at LIBOR plus .75 percent, or 1.84 percent at March 31, 2004. As of March 31, 2004, letters of credit totaling $268 million have been issued by the participating financial institutions under this facility and remain outstanding. No revolving credit loans were outstanding. At March 31, 2004, the amount of restricted investments securing this facility was $283.6 million, which collateralized the facility at approximately 106 percent.

In April 2004, we entered into two unsecured bank revolving credit facilities totaling $500 million. These facilities provide for both borrowings and issuing letters of credit, but will be used primarily for issuing letters of credit. We are required to pay to the bank fixed fees at a weighted average rate of 3.64 percent on the total committed amount of the facilities. In addition, we pay interest on any borrowings at a fluctuating rate comprised of either a base rate or LIBOR. We were able to obtain the unsecured credit facilities because the bank syndicated its associated credit risk into the institutional investor market via a 144A offering. Upon the occurrence of certain credit events, outstanding letters of credit become cash collateralized creating a borrowing under the facilities, and concurrently the bank can deliver the facilities to the institutional investors, whereby the investors replace the bank as lender under the facilities. Upon such occurrence, we will pay:

- (i) the fixed facility fee at a weighted average rate of 3.19 percent to the investors,
- (ii) interest on borrowings under the $400 million facility equal to a fixed rate of 3.57 percent, and
- (iii) interest on borrowings under the $100 million facility at a fluctuating LIBOR interest rate.

The bank established trusts funded by the institutional investors, whereby the assets of the trusts serve as collateral to reimburse the bank for our borrowings in the event the facilities are delivered to the investors. We have no asset securitization or collateral requirements under the new facilities. During April 2004, use of these new facilities released approximately $500 million of restricted cash, restricted investments and margin deposits. Significant covenants under these facilities include the following:

- limitations on certain payments, including a limitation on the payment of quarterly dividends to no greater than $.05 per common share (however, we are limited to $.02 per common share under a more restrictive covenant contained in our $800 million 8.625 percent senior unsecured notes);
- limitations on asset sales;
- limitations on the use of proceeds from permitted asset sales;
- limitations on transactions with affiliates; and
- limitations on the incurrence of additional indebtedness and issuance of disqualified stock, unless the fixed charge coverage ratio for our most recently ended four full fiscal quarters is at least 2 to 1, determined on a proforma basis.

On May 3, 2004, we entered into a new three-year, $1 billion secured revolving credit facility which is available for borrowings and letters of credit. Northwest Pipeline Corporation (Northwest Pipeline) and Transcontinental Gas Pipeline Corporation (Transco) have access to $400 million each under the facility. The new facility is secured by certain Midstream assets, including substantially all of our southwest Wyoming, Wamsutter, San Juan Conventional, Manzanares and Torre Alta systems. Additionally, the facility is guaranteed by WGP. Interest is calculated based on a choice of two methods: a fluctuating rate equal to the facilitating bank's base rate plus an applicable margin or a periodic fixed rate equal to LIBOR plus an applicable margin. We are also required to pay a commitment fee based on the unused portion of the facility, currently .375 percent. The applicable margins and commitment fee are based on the relevant borrower's senior unsecured long-term debt ratings. Significant financial covenants under the credit agreement include:

- ratio of Debt to Capitalization no greater than i) 75 percent for the period June 30, 2004 through December 31, 2004, ii) 70 percent for the period after December 31, 2004 through December 31, 2005, and iii) 65 percent for the remaining term of the agreement;
- ratio of Debt to Capitalization no greater than 55 percent for Northwest Pipeline and Transco;
- ratio of EBITDA to Interest, on a rolling four quarter basis (or, in the first year, building up to a rolling four quarter basis), no less than i) 1.5 for the period September 30, 2004 through March 31, 2005, ii) 2.0 for any period after March 31, 2005 through December 31, 2005, and iii) 2.5 for the remaining term of the agreement.

Notes (Continued)

Issuances and retirements

On March 15, 2004, we retired $679 million of senior, unsecured 9.25 percent notes. The amount represented the outstanding balance subsequent to the fourth-quarter 2003 tender which retired $721 million of the original $1.4 billion balance.

A summary of significant retirements, payments and prepayments of long-term debt for the quarter ended March 31, 2004 is as follows:

Issue/Terms	Due Date	Principal Amount
		(Millions)
Retirements/payments/prepayments of long-term debt in 2004:		
9.25% senior unsecured notes	2004	$678.5
Various notes, 6.62% - 9.45%	2004	22.7
Various notes, adjustable rate	2004	6.9

Notes (Continued)

11. Contingent liabilities and commitments

Rate and regulatory matters and related litigation

Our 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 $5 million for potential refund as of March 31, 2004.

Issues resulting from California energy crisis

Power subsidiaries are engaged in power marketing in various geographic areas, including California. Prices charged for power by us and other traders and generators in California and other western states in 2000 and 2001 have been challenged in various proceedings including those before the FERC. These challenges include refund proceedings, California Independent System Operator (ISO) fines, summer 2002 90-day contracts, investigations of alleged market manipulation including withholding, gas indices and other gaming of the market, new long-term power sales to the state of California that were subsequently challenged and civil litigation relating to certain of these issues. We have entered into a settlement with the State of California and others that has resolved each of these issues as to the State, and in February 2004 we announced a settlement with certain California utilities that is expected to resolve these issues as to such utilities. However, certain of these issues remain open as to the FERC and other non-settling parties.

Refund proceedings

We and other suppliers of electricity in the California market are the subject of refund proceedings before the FERC. In December 2000, the FERC issued an order initiating the proceeding, which ultimately (by order dated June 19, 2001) established a refund methodology and set a refund period of October 2, 2000 to June 19, 2001. As a result of a hearing to determine refund liability for the market participants, a FERC administrative law judge issued findings on December 12, 2002, that estimated our refund obligation to the ISO at $192 million, excluding emissions costs and interest. The judge estimated that our refund obligation to the California Power Exchange (PX) was $21.5 million, excluding interest. However, the judge estimated that the ISO owes us $246.8 million, excluding interest, and that the PX owes us $31.7 million, excluding interest, and $2.9 million in charge backs. The estimates did not include $17 million in emissions costs that the judge found we are entitled to use as an offset to the refund liability, and the judge's refund estimates are not based on final mitigated market clearing prices. On March 26, 2003, the FERC acted to largely adopt the judge's order with a change to the gas methodology used to set the clearing price. As a result, Power recorded a first-quarter 2003 charge for refund obligations of $37 million. Net interest income related to amounts due from the counterparties is approximately $8 million through March 31, 2004. On October 16, 2003, the FERC issued an additional refund order granting rehearing in part and denying rehearing in part. This order is not expected to have a material effect on the refund calculation for us. However, pursuant to the October 16 order, the ISO has been ordered to calculate refunds for the market. This study is expected to be complete in early summer, 2004. Although we have entered into a global settlement with the State of California and various other parties that resolves the refund issues among the settling parties for the period of January 17, 2001 to June 19, 2001, we have potential refund exposure to non-settling parties (e.g., various California electric utilities). Therefore, we continue to participate in the FERC refund case and related proceedings. Challenges to virtually every aspect of the refund proceeding, including the refund period, are now pending at the Ninth Circuit Court of Appeals. No schedule has yet been established for hearing the appeals.

On February 25, 2004, we announced a settlement agreement with California utilities, Southern California Edison and Pacific Gas & Electric (PG&E), to resolve our refund liability to the utilities as well as all other known disputes related to the California energy crisis of 2000 and 2001 (the "Utility Settlement"). The Utility Settlement was filed with the FERC on April 27, 2004. Comments and approval are pending. While only these two utilities were originally parties to the Utility Settlement with us, additional parties, including San Diego Gas & Electric, have now opted in and the Utility Settlement includes funding for refunds to all buyers in equal kind in the FERC refund period. Should any buyer opt out of the Utility Settlement, the refund amount in the Utility Settlement would be reduced and we would continue to litigate with that buyer regarding the refund issue and amount. If this settlement is approved, our outstanding receivables for the period of approximately $261 million will be partially offset by our settlement obligation of approximately $136 million. We will receive $108 million of our net $125 million receivable on an expedited basis. These funds will be largely used to repurchase PG&E receivables previously sold to Bear Stearns. The remainder of the receivable, in addition to accrued interest, is expected to be received within a year of the settlement. To be effective, the Utility Settlement must be approved by the FERC and the California Public Utilities Commission. Approval by the FERC will also resolve FERC investigations into physical and economic withholding. The Utility Settlement, if approved, will also resolve any claims by the settling parties regarding these issues. We recorded a charge of approximately $33 million in the fourth quarter of 2003 associated with the terms of this settlement.

Notes (Continued)

In a separate but related proceeding, certain entities have also asked the FERC to revoke our authority to sell power from California-based generating units at market-based rates, to limit us 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. The Utility Settlement, if approved, will resolve this issue and we will maintain all existing authorities.

ISO fines

On July 3, 2002, the ISO announced fines against several energy producers including us, for failure to deliver electricity during the period December 2000 through May 2001. The ISO fined us $25.5 million during this period, which was offset against our claims for payment from the ISO. These amounts will be adjusted as part of the refund proceeding described above. We believe the vast majority of fines are not justified and have challenged them pursuant to the FERC-approved dispute resolution process contained in the ISO tariff.

Summer 2002 90-day contracts

On May 2, 2002, PacifiCorp filed a complaint with the FERC against Power seeking relief from rates contained in three separate confirmation agreements between PacifiCorp and Power (known as the Summer 2002 90-Day Contracts). PacifiCorp filed similar complaints against three other suppliers. PacifiCorp alleged that the rates contained in the contracts are unjust and unreasonable. On June 26, 2003, the FERC affirmed the administrative law judge's initial decision dismissing the complaints. PacifiCorp has appealed the FERC's order to the United States Court of Appeals for the DC Circuit after the FERC denied rehearing of its order on November 10, 2003.

Investigations of alleged market manipulation

As a result of various allegations and FERC Orders, in 2002 the FERC initiated investigations of manipulation of the California gas and power markets. As they related to us, these investigations included economic and physical withholding, so-called "Enron Gaming Practices" and gas index manipulation.

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 prior to the California parties (who include the California Attorney General, the Electricity Oversight Board, the Public Utilities Commission and two investor-owned utilities) filing of their report. 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." On May 8, 2002, we received data requests from the FERC related to a 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. We 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 us to show cause why our market-based rate authority should not be revoked as the FERC found that certain of our responses related to the Enron trading practices constituted a failure to cooperate with the staff's investigation. We subsequently supplemented our responses to address the show cause order. On July 26, 2002, we received a letter from the FERC informing us that it had reviewed all of our supplemental responses and concluded that we responded to the initial May 8, 2002 request.

As also discussed below in ***Reporting of natural gas-related information to trade publications,*** on November 8, 2002, we received a subpoena from a federal grand jury in Northern California seeking documents related to our involvement in California markets. We are in the process of completing our response to the subpoena. This subpoena is a part of the broad United States Department of Justice (DOJ) investigation regarding gas and power trading.

Pursuant to an order from the Ninth Circuit, the FERC permitted certain California parties to conduct additional discovery into market manipulation by sellers in the California markets. The California parties sought this discovery in order to potentially expand the scope of the refunds. On March 3, 2003, the California parties submitted evidence from this discovery on market manipulation ("March 3rd Report"). We and other sellers submitted comments regarding the additional evidence on March 20, 2003.

On March 26, 2003, the FERC issued a Staff Report addressing: (1) Enron trading practices, (2) an allegation in a June 2, 2002 *New York Times* article that we had attempted to corner the gas market, and (3) the allegations of gas price index manipulation which are discussed in more detail below in ***Reporting of natural gas-related information to trade publications***. The Staff Report cleared us on the issue of cornering the market and contemplated or

established further proceedings on the other two issues as to us and numerous other market participants. On June 25, 2003, the FERC issued a series of orders in response to the California parties' March 3rd Report and the Staff Report. These orders resulted in further investigations regarding potential allegations of physical withholding, economic withholding, and a show cause order alleging that various companies engaged in Enron trading practices. On August 29, 2003, we entered into a settlement with the FERC trial staff of all Enron trading practices for approximately $45,000. The settlement was approved by the FERC on January 22, 2004. The investigations of physical and economic withholding are also continuing. Each of these FERC investigations of alleged market manipulation will be resolved pursuant to the Utility Settlement that is discussed above in *Refund proceedings* if that settlement is approved by the FERC.

Long-term contracts

In February 2001, during the height of the California energy crisis, we entered into a long-term power contract with the State of California to assist in stabilizing its market. This contract was later challenged by the State of California. This challenge resulted in settlement discussions being held between the State and us on the contract issue as well as other state initiated proceedings and allegations on market manipulation. A settlement was reached that resulted in us entering into a settlement agreement with the State of California and other non-Federal parties that includes renegotiated long-term energy contracts. These contracts are made up of block energy sales, dispatchable products and a gas contract. The settlement does not extend to criminal matters or matters of willful fraud, but also resolved civil complaints brought by the California Attorney General against us and the State of California's refund claims that are discussed above. In addition, the settlement resolved ongoing investigations by the States of California, Oregon and Washington. The settlement was reduced to writing and executed on November 11, 2002. The settlement closed on December 31, 2002, after FERC issued an order granting our motion for partial dismissal from the refund proceedings. The dismissal affects our refund obligations to the settling parties, but not to other parties, such as investor-owned utilities. Pursuant to the settlement, the California Public Utilities Commission (CPUC) and California Electricity Oversight Board (CEOB) filed a motion on January 13, 2003 to withdraw their complaints against us regarding the original block energy sales contract. On June 26, 2003, the FERC granted the CPUC and CEOB joint motion to withdraw their respective complaints against us. Certain private class action and other civil plaintiffs who have initiated class action litigation against us and others in California based on allegations against us with respect to the California energy crisis also executed the settlement. Final approval by the court is needed to make the settlement effective as to plaintiffs and to terminate the class actions as to us. On October 24, 2003, the court granted a motion for preliminary approval of the settlement. The final approval hearing is currently scheduled for June 4, 2004. Upon approval, the majority of civil litigation involving us and California markets will be resolved. Some litigation by non-California plaintiffs, or relating to reporting of natural gas information to trade publications, as discussed below, will continue. As of March 31, 2004, pursuant to the terms of the settlement, we have transferred ownership of six LM6000 gas powered electric turbines, have made two payments totaling $72 million to the California Attorney General, and have funded a $15 million fee and expense fund associated with civil actions that are subject to the settlement. An additional $75 million remains to be paid to the California Attorney General (or his designee) over the next six years, with the final payment of $15 million due on January 1, 2010.

Notes (Continued)

Reporting of natural gas-related information to trade publications

We disclosed on October 25, 2002, that certain of our natural gas traders had reported inaccurate information to a trade publication that published gas price indices. As noted above, on November 8, 2002, we received a subpoena from a federal grand jury in Northern California seeking documents related to our involvement in California markets, including our reporting to trade publications for both gas and power transactions. We are in the process of completing our response to the subpoena. The DOJ's investigation into this matter is continuing. In addition, the Commodity Futures Trading Commission (CFTC) has conducted an investigation of us regarding this issue. On July 29, 2003, we reached a settlement with the CFTC where in exchange for $20 million, the CFTC closed its investigation and we did not admit or deny allegations that we had engaged in false reporting or attempted manipulation. Civil suits based on allegations of manipulating the gas indices have been brought against us and others in federal and state court in California and in Federal court in New York.

Mobile Bay expansion

On December 3, 2002, an administrative law judge at the FERC issued an initial decision in Transco's general rate case which, among other things, rejected the recovery of the costs of Transco's Mobile Bay expansion project from its shippers on a "rolled-in" basis and found that incremental pricing for the Mobile Bay expansion project is just and reasonable. The administrative law judge's initial decision is subject to review by the FERC. On March 26, 2004, the FERC issued an Order on Initial Decision in which it reversed the administrative law judge's holding and accepted Transco's proposal for rolled in rates. Power holds long-term transportation capacity on the Mobile Bay expansion project. Had the FERC adopted the decision of the administrative law judge on the pricing of the Mobile Bay expansion project and also required that the decision be implemented effective September 1, 2001, Power could have been subject to surcharges of approximately $46 million, excluding interest, through March 31, 2004, in addition to increased costs going forward. On April 26, 2004, several parties, including Transco filed requests for rehearing of the FERC's March 26, 2004 order.

Enron bankruptcy

We have outstanding claims against Enron Corp. and various of its subsidiaries (collectively "Enron") related to Enron's bankruptcy filed in December 2001. In March 2002, we sold $100 million of our claims against Enron to a third party for $24.5 million. On December 23, 2003, Enron filed objections to these claims. Under the sales agreement, the purchaser of the claims may demand repayment of the purchase price, plus interest assessed at 7.5 percent per annum, for that portion of the claims still subject to objections 90 days following the initial objection. To date, the purchaser has not demanded repayment.

Environmental matters

Continuing operations

Since 1989, Transco has had studies under way to test certain of its facilities for the presence of toxic and hazardous substances to determine to what extent, if any, remediation may be necessary. Transco has responded to data requests regarding such potential contamination of certain of its sites. Transco has identified polychlorinated biphenyl (PCB) contamination in compressor systems, soils and related properties at certain compressor station sites. Transco has 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, Transco commenced negotiations

Notes (Continued)

with certain environmental authorities and other programs concerning investigative and remedial actions relative to potential mercury contamination at certain gas metering sites. The costs of any such remediation will depend upon the scope of the remediation. At March 31, 2004, Transco had accrued liabilities of $28 million related to PCB contamination, potential mercury contamination, and other toxic and hazardous substances.

We also accrued environmental remediation costs for our natural gas gathering and processing facilities, primarily related to soil and groundwater contamination. At March 31, 2004, we had accrued liabilities totaling approximately $12 million for these costs.

Actual costs incurred for these matters will depend on the actual number of contaminated sites identified, the amount and extent of contamination discovered, the final cleanup standards mandated by the EPA and other governmental authorities and other factors.

Former operations, including operations classified as discontinued

In connection with the sale of certain assets and businesses, we have retained responsibility, through indemnification of the purchasers, for environmental and other liabilities existing at the time the sale was consummated.

Agrico

In connection with the 1987 sale of the assets of Agrico Chemical Company, we 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 March 31, 2004, we had accrued liabilities of approximately $10 million for such excess costs.

Williams Energy Partners

As part of our June 17, 2003 sale of Williams Energy Partners (see Note 5), we indemnified the purchaser for:

(1) environmental cleanup costs resulting from certain conditions, primarily soil and groundwater contamination, at specified locations, to the extent such costs exceed a specified amount and

(2) currently unidentified environmental contamination relating to operations prior to April 2002 and identified prior to April 2008.

At March 31, 2004, we had accrued liabilities totaling approximately $9 million for these costs. In addition, we deferred approximately $113 million of the gain associated with our indemnifications, including environmental indemnifications, of the purchaser under the sales agreement. At March 31, 2004, we had a remaining deferred gain relating to this sale of approximately $95 million. When claims for performance under the indemnity for environmental matters are submitted by the purchaser and accepted by us, indemnification amounts for accepted claims are reclassified from the deferred gain to accrued liabilities. We anticipate ongoing performance under the indemnity provisions for environmental claims, and therefore, the amount of ultimate gain cannot be determined.

During the first quarter of 2004, we have been engaged in discussions with the purchaser regarding a potential buyout of these indemnities in the form of a structured cash settlement. At the time of this filing, the discussions are in the advanced stages and it is reasonably possible that an agreement as to terms will be reached during the second quarter. If the agreement is completed as being discussed, we would reclassify a significant portion of the deferred gain to accrued liabilities in the second quarter.

On July 2, 2001, the EPA issued an information request asking for information on oil releases and discharges in any amount from our 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, we furnished our response. This matter has not become an enforcement proceeding. On March 11, 2004, the Department of Justice (DOJ) invited the new owner of the Williams Pipe Line, Magellan Midstream Partners, L.P. (Magellan), to enter into negotiations regarding alleged violations of the Clean Water Act and to sign a tolling agreement. No penalty has been assessed by the EPA; however, the DOJ stated in its letter that the maximum possible penalties were approximately $22 million for the alleged violations. It is anticipated that by providing additional clarification and through negotiations with the EPA and DOJ, that any proposed penalty will be reduced. We have indemnity obligations to Magellan related to this matter.

Notes (Continued)

Other

At March 31, 2004, we had accrued environmental liabilities totaling approximately $12 million related to our:

- potential indemnification obligations to purchasers of our former retail petroleum and refining operations;
- former propane marketing operations, petroleum products and natural gas pipelines, natural gas liquids fractionation;
- a discontinued petroleum refining facility; and
- exploration and production and mining operations.

These costs include (1) certain conditions at specified locations related primarily to soil and groundwater contamination and (2) any penalty assessed on Williams Refining & Marketing, LLC (Williams Refining) associated with noncompliance with EPA's benzene waste "NESHAP" regulations. In 2002, Williams Refining submitted to the EPA a self-disclosure letter indicating noncompliance with those regulations. This unintentional noncompliance had occurred due to a regulatory interpretation that resulted in under-counting the total annual benzene level at Williams Refining's Memphis refinery. Also in 2002, the EPA conducted an all-media audit of the Memphis refinery. The EPA anticipates releasing a report of its audit findings in 2004. The EPA will likely assess a penalty on Williams Refining due to the benzene waste NESHAP issue, but the amount of any such penalty is not known. In connection with the sale of the Memphis refinery in March 2003, we indemnified the purchaser for any such penalty.

Certain of our subsidiaries 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.

Summary of environmental matters

Actual costs incurred for these matters could be substantially greater than amounts accrued depending 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.

Other legal matters

Royalty indemnifications

In connection with agreements to resolve take-or-pay and other contract claims and to amend gas purchase contracts, Transco 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. Transco, through its agent, Power, continues to purchase gas under contracts which extend, in some cases, through the life of the associated gas reserves. Certain of these contracts contain royalty indemnification provisions that have no carrying value. Producers have received and may receive other demands, which could result in claims pursuant to royalty indemnification provisions. Indemnification for royalties will depend on, among other things, the specific lease provisions between the producer and the lessor and the terms of the agreement between the producer and Transco. Consequently, the potential maximum future payments under such indemnification provisions cannot be determined.

As a result of these settlements, Transco has been sued by certain producers seeking indemnification from Transco. Transco is currently a defendant in one lawsuit in which a producer has asserted damages, including interest calculated through March 31, 2004, of approximately $10 million. On July 11, 2003, at the conclusion of the trial, the judge ruled in Transco's favor and subsequently entered a formal judgment. The plaintiff is seeking an appeal.

Notes (Continued)

Will Price (formerly Quinque)

On June 8, 2001, fourteen of our entities were named as defendants in a nationwide class action lawsuit which had been pending against other defendants, generally pipeline and gathering companies, for more than one year. The plaintiffs allege that the defendants, including us, 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. After the court denied class action certification and while motions to dismiss for lack of personal jurisdiction were pending, the court granted the plaintiffs' motion to amend their petition on July 29, 2003. The fourth amended petition, which was filed on July 29, 2003, deletes all of our defendants except two Midstream subsidiaries. All defendants intend to continue their opposition to class certification.

Grynberg

In 1998, the DOJ informed us that Jack Grynberg, an individual, had filed claims on behalf of himself and the federal government, in the United States District Court for the District of Colorado under the False Claims Act against us and certain of our wholly owned subsidiaries. The claims sought an unspecified amount of royalties allegedly not paid to the federal government, treble damages, a civil penalty, attorneys' fees, and costs. In connection with our sale of Kern River and Texas Gas, we agreed to indemnify the purchasers for any liability relating to this claim, including legal fees. The maximum amount of future payments that we could potentially be required to pay under these indemnifications depends upon the ultimate resolution of the claim and cannot currently be determined. The amounts accrued for these indemnifications are insignificant. Grynberg has also filed claims against approximately 300 other energy companies alleging that the defendants violated the False Claims Act in connection with the measurement, royalty valuation and purchase of hydrocarbons. 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 in federal court in Colorado against us. On October 21, 1999, the Panel on Multi-District Litigation transferred all of the Grynberg *qui tam* cases, including those filed against us, to the federal court in Wyoming for pre-trial purposes. Grynberg's measurement claims remain pending against us and the other defendants; the court previously dismissed Grynberg's royalty valuation claims.

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 us and Williams Production RMT Company with a complaint in the state court in Denver, 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. Our motion to stay the proceedings in this case based on the pendency of the False Claims Act litigation discussed in the preceding paragraph was granted on January 15, 2003.

Securities class actions

Numerous shareholder class action suits have been filed against us in the United States District Court for the Northern District of Oklahoma. The majority of the suits allege that we and co-defendants, WilTel Communications (WilTel), previously an owned subsidiary known as Williams Communications, 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 us, certain corporate officers, all members of our 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 our equity holders and WilTel equity holders. The underwriters of this offering have requested indemnification from these cases. If granted, costs incurred as a result of these indemnifications will not be covered by our insurance policies. The amended complaint of the WilTel securities holders was filed on September 27, 2002, and the amended complaint of our securities holders was filed on October 7, 2002. This amendment added numerous claims related to Power. In addition, four class action complaints have been filed against us, the members of our Board of Directors and members of our Benefits and Investment Committees under the Employee Retirement Income Security Act (ERISA) by participants in our 401(k) plan. A motion to consolidate these suits has been approved. On July 14, 2003, the Court dismissed us and our Board from the ERISA suits, but not the members of the Benefits and Investment Committees to whom we might have an

Notes (Continued)

indemnity obligation. If it is determined that we have an indemnity obligation, we expect that any costs incurred will be covered by our insurance policies. The Department of Labor is also independently investigating our employee benefit plans. On December 15, 2003, the court substantially denied the defendants' motion to dismiss in the shareholder suits. On April 2, 2004, the purported class of our securities holders filed a partial motion for summary judgment with respect to certain disclosures made in connection with our public offerings during the class period. 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 Oklahoma suits pending action by the federal court in the shareholder suits was approved.

Oklahoma securities investigation

On April 26, 2002, the Oklahoma Department of Securities issued an order initiating an investigation of us and WilTel regarding issues associated with the spin-off of WilTel and regarding the WilTel bankruptcy. We have no pending inquiries in this investigation, but are committed to cooperate fully in the investigation.

Shell offshore litigation

On November 30, 2001, Shell Offshore, Inc. filed a complaint at the FERC against Williams Gas Processing — Gulf Coast Company, L.P. (WGP), Williams Gulf Coast Gathering Company (WGCGC), Williams Field Services Company (WFS) and 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 deregulated North Padre Island offshore gathering system. 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, WGP, WGCGC and WFS believe their actions were reasonable and lawful and each have filed petitions for review of the FERC's orders with the U.S. Court of Appeals for the District of Columbia.

TAPS Quality Bank

Williams Alaska Petroleum, Inc. (WAPI) is actively engaged in administrative litigation being conducted jointly by the FERC and the Regulatory Commission of Alaska concerning the Trans-Alaska Pipeline System (TAPS) Quality Bank. Primary issues being litigated include the appropriate valuation of the naphtha, heavy distillate, vacuum gas oil and residual product cuts within the TAPS Quality Bank as well as the appropriate retroactive effects of the determinations. WAPI's interest in these proceedings is material as the matter involves claims by crude producers and the State of Alaska for retroactive payments plus interest of up to $180 million. Due to the sale of WAPI's interests on March 31, 2004, no future Quality Bank liability will accrue. Because of the complexity of the issues involved, however, the outcome cannot be predicted with certainty nor can the likely result be quantified. Certain periodic discussions have been held and continue among some of the litigants. Because of the number of parties involved and the diversity of positions, no comprehensive terms have been identified that could be considered probable to achieve final settlement among all parties. The FERC and RCA presiding administrative law judges are expected to render their joint and/or individual initial decision(s) sometime during the third quarter of 2004. Although we sold WAPI, we retained potential liability for any retroactive payments that may be awarded in these proceedings for the period ending on March 31, 2004.

Other divestiture indemnifications

Pursuant to various purchase and sale agreements relating to divested businesses and assets, we have indemnified certain purchasers against liabilities that they may incur with respect to the businesses and assets acquired from us. The indemnities provided to the purchasers are customary in sale transactions and are contingent upon the purchasers incurring liabilities that are not otherwise recoverable from third parties. The indemnities generally relate to breach of warranties, tax, historic litigation, personal injury, environmental matters, right of way and other representations that we have provided. At March 31, 2004, we do not expect any of the indemnities provided pursuant to the sales agreements to have a material impact on our future financial position. However, if a claim for indemnity is brought against us in the future, it may have a material adverse effect on results of operations in the period in which the claim is made.

In addition to the foregoing, various other proceedings are pending against us which are incidental to our operations.

Notes (Continued)

Summary

Litigation, arbitration, regulatory matters and environmental matters are subject to inherent uncertainties. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on the results of operations in the period in which the ruling occurs. Management, including internal counsel, currently believes 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 not have a materially adverse effect upon our future financial position.

Commitments

Power 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 currently in operation throughout the continental United States. At March 31, 2004, Power's estimated committed payments under these contracts are approximately $307 million for the remainder of 2004, range from approximately $397 million to $423 million annually through 2017 and decline over the remaining five years to $58 million in 2022. Total committed payments under these contracts over the next eighteen years are approximately $6.6 billion.

Guarantees

In connection with the 1993 public offering of units in the Williams Coal Seam Gas Royalty Trust (Royalty Trust), our Exploration & Production segment entered into a gas purchase contract for the purchase of natural gas in which the Royalty Trust holds a net profits interest. Under this agreement, we guarantee a minimum purchase price that the Royalty Trust will realize in the calculation of its net profits interest. We have an annual option to discontinue this minimum purchase price guarantee and pay solely based on an index price. The maximum potential future exposure associated with this guarantee is not determinable because it is dependent upon natural gas prices and production volumes. No amounts have been accrued for this contingent obligation as the index price continues to exceed the minimum purchase price.

In connection with the construction of a joint venture pipeline project, we guaranteed, through a put agreement, certain portions of the joint venture's project financing in the event of nonpayment by the joint venture. Our potential liability under this guarantee ranges from zero percent to 100 percent of the outstanding project financing, depending on our ability and the other project members' ability to meet certain performance criteria. As of March 31, 2004, the total outstanding project financing is $32.4 million. Our maximum potential liability is the full amount of the financing, but based on the current status of the project, it is likely that any obligation would be limited to 50 percent of the outstanding financing. As additional borrowings are made under the project financing facility, our potential exposure will increase. This guarantee expires in March 2005, and we have not accrued any amounts at March 31, 2004.

We have guaranteed commercial letters of credit totaling $17 million on behalf of Accroven. These expire in January 2005, have no carrying value and are fully collateralized with cash.

We have provided guarantees in the event of nonpayment by our previously owned communications subsidiary, WilTel, on certain lease performance obligations that extend through 2042 and have a maximum potential exposure of approximately $51 million at March 31, 2004. Our exposure declines systematically throughout the remaining term of WilTel's obligations. The carrying value of these guarantees is approximately $46 million at March 31, 2004 and is recorded as a non-current liability.

We have provided guarantees on behalf of certain partnerships in which we have an equity ownership interest. These generally guarantee operating performance measures and the maximum potential future exposure cannot be determined. These guarantees continue until we withdraw from the partnerships. No amounts have been accrued at March 31, 2004.

Notes (Continued)

12. Comprehensive income (loss)

Comprehensive income (loss) from both continuing and discontinued operations is as follows:

	Three months ended March 31,	
	2004	2003
	(Millions)	
Net income (loss)	$ 9.9	$(814.5)
Other comprehensive income (loss):		
Unrealized losses on securities	—	(4.2)
Net realized losses on securities	3.0	—
Unrealized losses on derivative instruments	(184.6)	(184.1)
Net reclassification into earnings of derivative instrument losses	46.7	15.3
Foreign currency translation adjustments	(5.3)	24.7
Minimum pension liability adjustment	.7	—
Other comprehensive loss before taxes	(139.5)	(148.3)
Income tax benefit on other comprehensive loss	51.4	66.2
Other comprehensive loss	(88.1)	(82.1)
Comprehensive loss	$ (78.2)	$(896.6)

13. Segment disclosures

Segments and reclassification of operations

Our 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 primarily consists of corporate operations and certain continuing operations previously reported within the International and Petroleum Services segments.

Segments – performance measurement

We currently evaluate 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 at current market prices as if the sales were to unaffiliated third parties.

Power has entered into intercompany interest rate swaps with the corporate parent, the effect of which is included in Power’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 income (loss) in the Consolidated Statement of Operations below operating income.

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

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)

13. Segment disclosures (continued)

	Power	Gas Pipeline	Exploration & Production	Midstream Gas & Liquids	Other	Eliminations	Total
				(Millions)			
Three months ended March 31, 2004							
Segment revenues:							
External	$2,029.6	$339.2	$ (14.8)	$ 757.4	$ 2.8	$ —	$3,114.2
Internal	245.2	3.7	180.0	9.0	9.8	(447.7)	—
Total segment revenues	2,274.8	342.9	165.2	766.4	12.6	(447.7)	3,114.2
Less intercompany interest rate swap loss	(21.6)	—	—	—	—	21.6	—
Total revenues	$2,296.4	$342.9	$165.2	$ 766.4	$12.6	$(469.3)	$3,114.2
Segment profit (loss)	$ (32.7)	$148.5	$ 51.5	$ 117.7	$ (8.7)	$ —	$ 276.3
Less:							
Equity earnings	—	3.8	2.9	4.9	—	—	11.6
Loss from investments	—	(.3)	—	(.2)	(6.5)	—	(7.0)
Intercompany interest rate swap loss	(21.6)	—	—	—	—	—	(21.6)
Segment operating income (loss)	$ (11.1)	$145.0	$ 48.6	$ 113.0	$ (2.2)	$ —	293.3
General corporate expenses							(32.0)
Consolidated operating income							$ 261.3
Three months ended March 31, 2003							
Segment revenues:							
External	$3,512.5	$316.5	$ (7.1)	$ 996.2	$14.5	$ —	$4,832.6
Internal	263.1	6.8	251.0	17.5	13.5	(551.9)	—
Total segment revenues	3,775.6	323.3	243.9	1,013.7	28.0	(551.9)	4,832.6
Less intercompany interest rate swap loss	(5.9)	—	—	—	—	5.9	—
Total revenues	$3,781.5	$323.3	$243.9	$1,013.7	$28.0	$(557.8)	$4,832.6
Segment profit (loss)	$ (136.4)	$151.2	$113.8	$ 116.2	$ 4.8	$ —	$ 249.6
Less:							
Equity earnings (loss)	—	1.8	2.1	(3.2)	3.7	—	4.4
Intercompany interest rate swap loss	(5.9)	—	—	—	—	—	(5.9)
Segment operating income (loss)	$ (130.5)	$149.4	$111.7	$ 119.4	$ 1.1	$ —	251.1
General corporate expenses							(22.9)
Consolidated operating income							$ 228.2

Notes (Continued)

13. Segment disclosures (continued)

	Total Assets	
	March 31, 2004	December 31, 2003
	(Millions)	
Power	$10,153.8	$ 8,690.1
Gas Pipeline	6,944.8	6,943.4
Exploration & Production	5,372.5	5,347.4
Midstream Gas & Liquids	4,805.4	4,781.1
Other	5,700.2	6,928.7
Eliminations	(5,323.1)	(6,078.2)
	27,653.6	26,612.5
Discontinued operations	136.6	409.3
Total	$27,790.2	$27,021.8

14. Recent accounting standards

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2003, the SEC staff, in a letter to the EITF Chairman, questioned whether leased mineral rights should be presented as intangible assets rather than property, plant and equipment. In March 2004, the EITF reached a consensus that all mineral rights should be considered tangible assets for accounting purposes. Therefore, no reclassification will be required.

ITEM 2
Management's Discussion and Analysis of
Financial Condition and Results of Operation

Recent Events and Company Outlook

In February 2003, we outlined our planned business strategy in response to the events that significantly impacted the energy sector and our company during late 2001 and much of 2002, including the collapse of Enron and the severe decline of the telecommunications industry. The plan focused on migrating to an integrated natural gas business comprised of a strong, but smaller, portfolio of natural gas businesses; reducing debt; and increasing our liquidity through asset sales, strategic levels of financing and reductions in operating costs. The plan was designed to address near-term and medium-term debt and liquidity issues, to de-leverage the company with the objective of returning to investment grade status and to develop a balance sheet and cash flows capable of supporting and ultimately growing our remaining businesses.

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2003, we successfully executed certain critical components of our plan during 2003. Key execution steps for 2004 and beyond include the following:

- completion of planned asset sales, which are estimated to generate proceeds of approximately $800 million in 2004;
- additional reductions of our SG&A costs;
- the replacement of our cash-collateralized letter of credit and revolver facility with facilities that do not encumber cash; and
- continuation of our efforts to exit from the Power business.

Projected asset sales in 2004 include the Alaska refinery and certain assets of our Midstream segment including the straddle plants in western Canada. On March 31, 2004, we completed the sale of our Alaska refinery and related assets for approximately $304 million (see Note 5 of Notes to Consolidated Financial Statements).

In April 2004, we entered into two new unsecured credit facilities totaling $500 million, primarily for the purpose of issuing letters of credit. During April 2004, use of these facilities released approximately $500 million of restricted cash, restricted investments and margin deposits. Also, on May 3, 2004, we entered into a new three-year, $1 billion secured revolving credit facility. The revolving facility is secured by certain Midstream assets and a guarantee from WGP (see Note 10 of Notes to Consolidated Financial statements).

As part of our planned strategy, on February 25, 2004, our Exploration & Production segment amended its $500 million secured note facility, which was originally due May 30, 2007. The amendment provided more favorable terms including a lower interest rate and an extension of the maturity by one year (see Note 10 of Notes to Consolidated Financial Statements).

On March 15, 2004, we retired $679 million of senior unsecured 9.25 percent notes due March 15, 2004. The amount represented the outstanding balance subsequent to the fourth-quarter 2003 tender which retired $721 million of the original $1.4 billion balance. Long-term debt, excluding the current portion, at March 31, 2004 was approximately $10.8 billion.

Management's Discussion and Analysis (Continued)

Power Business Status

Since mid-2002, we have been pursuing a strategy of exiting the Power business and have worked with financial advisors to assist with this effort. To date, several factors have contributed to the difficulty of achieving a complete exit from this business, including the following with respect to the wholesale power industry:

- oversupply position in most markets expected through the balance of the decade;
- slow North American gas supply response to high gas prices; and
- expectations of hybrid regulated/deregulated market structure for several years.

As a result of these factors and the size of our Power business, the number of financially viable parties expressing an interest in purchasing the entire business have been limited. Additionally, the current and near term view of the wholesale power market, which we interpret as depressed, has strongly influenced these parties' view of value and related risk associated with this business.

Because market conditions may change, and we cannot determine the impact of this on a buyer's point of view, amounts ultimately received in any portfolio sale, contract liquidation or realization may be significantly different from the estimated economic value or carrying values reflected in the Consolidated Balance Sheet. In addition, our tolling agreements are not derivatives and thus have no carrying value in the Consolidated Balance Sheet pursuant to the application of EITF 02-3. Based on current market conditions, certain of these agreements are forecasted to realize significant future losses. It is possible that we may sell contracts for less than their carrying value or enter into agreements to terminate certain obligations, either of which could result in significant future loss recognition or reductions of future cash flows.

We continue to evaluate alternatives and discuss our plans and operating strategy for the Power business with our Board of Directors. As an alternative to continuing a plan of pursuing a complete exit from the Power business, we are evaluating whether the benefits of realizing the positive cash flows expected to be generated by this business through continued ownership exceed the benefits of a sale at a depressed price. If we pursue this alternative, we expect to continue our current program of managing this business to minimize financial risk, generate cash and manage existing contractual commitments.

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 through the date of sale, as applicable, of the following components as discontinued operations (see Note 5 of Notes to Consolidated Financial Statements):

- retail travel centers concentrated in the Midsouth, part of the previously reported Petroleum Services segment;
- refining and marketing operations in the Midsouth, including the Midsouth refinery, part of the previously reported Petroleum Services segment;
- Texas Gas Transmission Corporation, previously one of Gas Pipeline's segments;
- natural gas properties in the Hugoton and Raton basins, previously part of the Exploration & Production segment;
- bio-energy operations, part of the previously reported Petroleum Services segment;
- our general partnership interest and limited partner investment in Williams Energy Partners, previously the Williams Energy Partners segment;
- the Colorado soda ash mining operations, part of the previously reported International segment;

- certain gas processing, natural gas liquids fractionation, storage and distribution operations in western Canada and at a plant in Redwater, Alberta, previously part of the Midstream segment;
- refining, retail and pipeline operations in Alaska, part of the previously reported Petroleum Services segment; and
- Gulf Liquids New River Project LLC, previously part of the Midstream segment.

Unless indicated otherwise, the following discussion and analysis of results of operations, financial condition and liquidity relates to our current continuing operations and should be read in conjunction with the consolidated financial statements and notes thereto included in Item 1 of this document and our 2003 Annual Report on Form 10-K.

Results of operations

Consolidated overview

The following table and discussion is a summary of our consolidated results of operations for the three months ended March 31, 2004. The results of operations by segment are discussed in further detail following this consolidated overview discussion.

	Three months ended March 31,		
	2004	2003	% Change From 2003 [1]
	(Millions)		
Revenues	$3,114.2	$4,832.6	-36%
Costs and expenses:			
Costs and operating expenses	2,727.2	4,473.5	+39%
Selling, general and administrative expenses	85.4	107.4	+20%
Other expense - net	8.3	.6	-NM
General corporate expenses	32.0	22.9	-40%
Total costs and expenses	2,852.9	4,604.4	+38%
Operating income	261.3	228.2	+15%
Interest accrued - net	(239.3)	(340.9)	+30%
Interest rate swap loss	(8.1)	(2.8)	-189%
Investing income	10.5	46.3	-77%
Minority interest in income of consolidated subsidiaries	(4.8)	(3.5)	-37%
Other income - - net	.8	22.1	-96%
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principles	20.4	(50.6)	+NM
Provision (benefit) for income taxes	15.0	(11.3)	-NM
Income (loss) from continuing operations	5.4	(39.3)	+NM
Income (loss) from discontinued operations	4.5	(13.9)	+NM
Income (loss) before cumulative effect of change in accounting principles	9.9	(53.2)	+NM
Cumulative effect of change in accounting principles	—	(761.3)	+NM
Net income (loss)	9.9	(814.5)	+NM
Preferred stock dividends	—	6.8	+NM
Income (loss) applicable to common stock	$ 9.9	$ (821.3)	+NM

(1) + = Favorable Change; – = Unfavorable Change

NM = A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Management's Discussion and Analysis (Continued)

Three Months Ended March 31, 2004 vs. Three Months Ended March 31, 2003

Our revenues decreased $1,718.4 million due primarily to decreased revenues at our Power segment, our Midstream segment, and our Exploration & Production segment. Power revenues decreased approximately $1.5 billion due primarily to lower power, natural gas and crude and refined products sales volumes. Midstream's revenues decreased $247.3 million due primarily to the sale of our wholesale propane business in fourth-quarter 2003, which resulted in lower product sales for natural gas liquids trading activities. In addition, Exploration & Production's revenues decreased $78.7 million due primarily to lower production revenues from lower net realized average prices and lower production volumes as a result of property sales.

Costs and operating expenses decreased $1,746.3 million due primarily to decreased costs and operating expenses at Power and Midstream. The decrease at Power is due primarily to lower power, natural gas and crude and refined products purchase volumes. The decrease at Midstream is due primarily to the 2003 sale of our wholesale propane business.

Selling, general and administrative expenses decreased $22 million. This cost reduction is due primarily to reduced staffing levels at Power, reflective of our strategy to exit this business. Also contributing to the decrease was the absence of $11.8 million of expense related to the accelerated recognition of deferred compensation during 2003.

Other expense – net, within operating income, in 2004 includes $6.1 million in fees related to the sale of PG&E receivables to Bear Stearns.

General corporate expenses increased $9.1 million due primarily to increased third-party costs associated with the implementation of the Sarbanes-Oxley Act of 2002 and with efforts to evaluate and implement certain cost reduction strategies through internal initiatives and the potential outsourcing of certain services.

Interest accrued – net decreased $101.6 million due primarily to:

- $89.4 million lower interest expense and fees related to the RMT note payable, which was prepaid in May 2003 and partially refinanced at market rates;
- $10.3 million lower amortization expense related to deferred debt issuance costs, primarily due to the reduction of debt;
- a $3 million decrease reflecting lower average borrowing levels;
- a $6 million decrease reflecting lower average interest rates on long-term debt; and
- a $7.9 million decrease in capitalized interest, which offsets interest accrued, due primarily to completion of certain Midstream projects in the Gulf Coast Region.

We entered into interest rate swaps with external counterparties primarily in support of the energy-trading portfolio (see Note 13 of Notes to Consolidated Financial Statements). The change in market value of these swaps was $5.3 million less favorable in 2004 than 2003. The total notional amount of these swaps was approximately $300 million at March 31, 2004 and March 31, 2003.

Investing income decreased $35.8 million due primarily to:

- $39.4 million lower interest income at Power as a result of 2003 accrual adjustments associated with certain 2003 FERC proceedings;
- a $12 million impairment of a cost based investment related to Algar Telecom S.A. recognized in 2003;
- $9.2 million higher equity earnings from Discovery Pipeline due primarily to the absence of unfavorable audit adjustments recorded at the partnership in 2003;
- $6.5 million net unreimbursed Longhorn recapitalization advisory fees; and
- $3.6 million of impairments during 2004 of certain international cost-based investments.

Management's Discussion and Analysis (Continued)

Other income – net, below operating income, includes a $2.6 million net gain in 2004 and a $12.5 million net gain in 2003. The net gain in 2004 consists of a $2.5 million foreign currency transaction loss on a Canadian dollar denominated note receivable, more than offset by a $5.1 million derivative gain on a forward contract to fix the U.S. dollar principal cash flows from the note receivable. In 2004, the gain from the forward contract exceeds the foreign currency translation loss from the note as the note balance was substantially reduced in 2003 but the size of the related forward contract was unchanged. The net gain in 2003 consists of a $29.2 million foreign currency transaction gain on the same note, offset by a $16.7 million derivative loss on the forward contract.

The provision (benefit) for income taxes was unfavorable by $26.3 million due primarily to a pre-tax income in 2004 as compared to a pre-tax loss for 2003. The effective income tax rate for 2004 is greater than the federal statutory rate due primarily to an accrual for income tax contingencies, net foreign operations and state income taxes. The effective income tax rate for 2003 is less than the federal statutory rate (less tax benefit) due primarily to an accrual for income tax contingencies and state income taxes.

In addition to the operating results from activities included in discontinued operations (see Note 5 of Notes to Consolidated Financial Statements), the 2004 gain from discontinued operations includes a pre-tax gain of $3.6 million on the sale of the Alaska refinery, retail and pipeline assets and an adjustment to increase the gain on the sale of our 100 percent general partnership interest and 54.6 percent limited partner investment in Williams Energy Partners recorded in June 2003 by $3.3 million. The 2003 loss from discontinued operations includes $117.3 million of pre-tax impairments, offset by a gain on sale as follows:

- a $109 million impairment of Texas Gas Transmission;
- an $8 million impairment of the Alaska refinery, retail and pipeline assets;
- a $5 million impairment of the soda ash mining facility located in Colorado; and
- a $4.7 million gain on the sale of a refinery and other related operations located in Memphis, Tennessee.

The cumulative effect of change in accounting principles reduced net income for 2003 by $761.3 million due to a $762.5 million charge related to the adoption of EITF 02-3, slightly offset by $1.2 million related to the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations" (see Note 3 of Notes to Consolidated Financial Statements).

In June 2003, we redeemed all of our outstanding 9.875 percent cumulative-convertible preferred shares.

Results of operations - segments

We are currently organized into the following segments: Power, Gas Pipeline, Exploration & Production, Midstream and Other. Other primarily consists of corporate operations and certain continuing operations previously reported within the International and Petroleum Services segments. Our management currently evaluates performance based on segment profit (loss) from operations (see Note 13 of Notes to Consolidated Financial Statements).

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

Power

Overview of three months ended March 31, 2004

As described below, the continued effort to exit from the Power business, combined with liquidity constraints, and the effect of price changes on derivative contracts significantly influenced Power's first-quarter 2004 operating results.

In the first quarter of 2004, Power continued to focus on 1) terminating or selling all or portions of the portfolio, 2) maximizing cash flow, 3) reducing risk, and 4) managing existing contractual commitments. These efforts are consistent with our 2002 decision to sell all or portions of Power's power, natural gas, and crude and refined products portfolios. The decrease in revenues, costs and selling, general and administrative expenses reflect our efforts to exit the Power business.

Management's Discussion and Analysis (Continued)

Lack of liquidity in long-term power and natural gas markets also caused a decrease in power revenues and costs. Due to this lack of liquidity, we were not able to replace certain long-term power and natural gas contracts that expired or were terminated in 2003.

Lower interest rates caused losses on derivative contracts, which are reflected as a decrease in revenues. Increased natural gas prices primarily caused an increase in the fair value of gas derivative contracts, which is reflected as an increase in revenues.

Key factors that influence Power's financial condition and operating performance include the following:

- prices of power and natural gas, including changes in the margin between power and natural gas prices;
- changes in market liquidity, including changes in the ability to economically hedge the portfolio;
- changes in power and natural gas price volatility;
- changes in the regulatory environment; and
- changes in power and natural gas supply and demand.

Outlook for the remainder of 2004

In the remainder of 2004, Power anticipates further variability in earnings due in part to the difference in accounting treatment of derivative contracts at fair value and the underlying non-derivative contracts on an accrual basis. This difference in accounting treatment combined with the volatile nature of energy commodity markets could result in future operating gains or losses. Some of Power's tolling contracts have a negative fair value, which is not reflected in the financial statements since these contracts are not derivatives. These tolling contracts may result in future accrual losses. Continued efforts to sell all or a portion may also have a significant impact on future earnings as proceeds may differ significantly from carrying values. The inability of counterparties to perform under contractual obligations due to their own credit constraints could also affect future operations.

Three months ended March 31, 2004 vs. three months ended March 31, 2003

	Three months ended March 31,	
	2004	2003
	(Millions)	
Segment revenues	$2,274.8	$3,775.6
Segment loss	$ (32.7)	$ (136.4)

Revenues

Power's revenues reflect the following:

- gains and losses from changes in fair value of derivative contracts with a future settlement or delivery date;
- revenue from sales of commodities or completion of energy-related services; and
- gains and losses from net financial settlement of derivative contracts.

Power's revenues decreased $1.5 billion, or 40 percent. Of this decrease, $949.9 million represents decreased power and natural gas revenues, $644.7 million represents decreased crude and refined products revenues and $27.9 million represents decreased interest rate portfolio revenues.

A decrease in power and natural gas sales volumes primarily caused the decrease in power and natural gas revenues. Sales volumes decreased because Power did not replace certain long-term physical power and natural gas contracts that expired or were terminated in 2003, primarily due to a lack of market liquidity and efforts to reduce our commitment to the Power business. An increase in net unrealized revenue on natural gas derivatives partially offset the decrease in revenue. The impact of a greater increase in forward natural gas prices in 2004 on certain natural gas positions compared to the prior year caused this increase. In addition, power and natural gas revenues increased due to the absence of unrealized losses of approximately $70 million recorded in 2003 on contracts for which we elected the normal purchases and sales exception in second-quarter 2003. We now account for these contracts on an accrual basis. Finally, power and natural gas revenues in 2003 include a $37 million loss for increased power rate refunds owed to the state of California because of FERC rulings, which also partially offset the decrease in revenues.

Management's Discussion and Analysis (Continued)

Crude and refined products revenues declined from lower sales volumes, reflecting our efforts to exit this line of business. A decrease in purchase volumes largely offset the effect of the decrease in sales volumes.

Revenues reflect a net realized and unrealized loss of $43.5 million on interest rate derivatives in first-quarter 2004 compared to a net realized and unrealized loss of $15.6 million in first-quarter 2003. A greater decrease in interest rates in 2004 compared to the prior year caused this decrease in revenues from our interest rate portfolio.

Costs

Power's costs represent purchases of commodities and fees paid for energy-related services. Power's costs decreased $1.6 billion or 41 percent. Of this decrease, $1.1 billion represents decreased power and natural gas costs and $641.9 million represents decreased crude and refined products costs.

A decrease in power and natural gas purchase volumes primarily contributed to the decrease in power and natural gas costs. Purchase volumes decreased because Power did not replace certain long-term physical power and natural gas contracts that expired or were terminated in 2003. Decreased purchase volumes also caused the decrease in crude and refined products costs. Our efforts to exit this line of business caused the decrease in purchase volumes.

Costs in 2004 reflect a $13 million payment made to terminate a non-derivative power sales contract.

Gross Margin

The gross margin loss of $2 million in first quarter 2004 declined $89.1 million, or 98 percent, from the gross margin loss in 2003. An increase in power and natural gas gross margin of $119.8 million primarily caused this improvement. The following factors, as discussed in the previous two sections, primarily caused the increase in power and natural gas gross margin:

- the increase in net unrealized revenue on natural gas derivatives;
- unrealized losses in 2003 of approximately $70 million on derivative contracts, which we treated on an accrual basis under the normal purchases and sales exception in 2004; and
- the $37 million loss resulting from FERC rulings recognized in 2003.

The $13 million payment made to terminate a non-derivative power sales contract in the first quarter of 2004, as discussed above, partially offsets the increase in power and natural gas gross margin.

A $27.9 million increase in the interest rate portfolio margin loss partially offsets the increase in power and natural gas gross margin. As discussed in the "Revenues" section above, a decrease in the fair value of interest rate derivatives primarily caused this increased interest rate portfolio margin loss.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $20.2 million, or 56 percent, primarily due to staff reductions. Power employed approximately 245 employees at March 31, 2004 compared with approximately 327 at March 31, 2003. The staff reductions coincided with our efforts to exit the Power business.

Segment Profit

Power's segment profit increased $103.7 million, or 76 percent. An increase in power and natural gas gross margins, partially offset by a decrease in interest rate portfolio gross margin, contributed to the increase in segment profit. A decrease in selling, general and administrative expenses as discussed above also contributed to the increase in segment profit.

Management's Discussion and Analysis (Continued)

Gas Pipeline

Overview of three months ended March 31, 2004

In February 2004, Transco placed an expansion into service increasing capacity on its natural gas system by 54,000 Dth/d. As discussed below, Gas Pipeline made additional progress towards repairing and restoring a segment of our natural gas pipelines in western Washington.

Outlook for the remainder of 2004

In December 2003, we received an Amended Corrective Action Order (ACAO) from the U.S. Department of Transportation's Office of Pipeline Safety (OPS) regarding a segment of one of our natural gas pipelines in western Washington. The pipeline experienced two breaks in 2003 and we subsequently idled the pipeline segment until its integrity could be assured. The decision to idle the pipeline has not had a significant impact on our ability to meet market demand, primarily because we have a parallel pipeline in the same corridor. We have initiated an extensive testing program on the pipeline, including internal inspection and hydrostatic testing. As of the end of the day on May 4, 2004, approximately 85 miles have been hydrotested, representing approximately seventy-seven percent of the testing that is planned to restore portions of the exiting pipeline to temporary service by this summer. In the course of this extensive testing, one leak has been discovered, which will be remediated prior to returning that portion of the line to service. We will be requesting approval from OPS on a segment-by-segment basis upon completion of the testing program. On April 19, 2004, OPS approved returning the first 17-mile segment to service. We have determined that we must restore portions of the existing pipeline to temporary service to ensure our ability to meet customer short-term demands. As currently required by OPS, we plan to then replace the pipeline's entire capacity to meet long-term demands. The total costs are expected to be in the range of approximately $350 million to $410 million over the period 2003 to 2006, including approximately $9 million spent in 2003. The majority of these costs will be spent in 2005 and 2006. We expect to have adequate financial resources to comply with the order and replace the capacity, if required. We anticipate filing a rate case to recover these costs following the in-service date of the replacement facilities.

Three months ended March 31, 2004 vs. three months ended March 31, 2003

	Three months ended March 31,	
	2004	2003
	(Millions)	
Segment revenues	$342.9	$323.3
Segment profit	$148.5	$151.2

The $19.6 million, or six percent, increase in Gas Pipeline revenues is due primarily to $18 million of higher transportation revenues associated with expansion projects. The $18 million consists of $10 million at Northwest Pipeline from an expansion project that became operational in October 2003 (Evergreen) and $8 million higher demand revenues on the Transco system resulting from new expansion projects (Trenton-Woodbury, November 2003 and Momentum Phases 1 & 2, May 2003 and February 2004). Revenue also increased due to $10 million higher gas exchange imbalance settlements (substantially offset in costs and operating expenses). Partially offsetting these increases were $3 million lower short term firm revenues and $2 million lower revenues associated with tracked costs, which are passed through to customers (offset in costs and operating expenses).

Costs and operating expenses increased $24 million, or 17 percent, due primarily to $9 million higher fuel expense at Transco reflecting a reduction in pricing differentials on the volumes of gas used in operation as compared to 2003 and $9 million higher gas exchange imbalance settlements (offset in revenues). Costs and operating expenses also increased due to $6 million higher depreciation expense related to additional property, plant and equipment placed into service and $4 million higher expenses associated with non-capitalized maintenance

projects. These increases were partially offset by a $5 million reduction of expense in first-quarter 2004 related to an adjustment to depreciation previously recognized and $2 million lower recovery of tracked costs, which are passed through to customers (offset in revenues).

The $2.7 million, or 2 percent, decrease in Gas Pipeline segment profit is due to the $24 million higher costs and operating expenses partially offset by $19.6 million higher revenues and $2.0 million higher equity earnings (included in Investing income (loss)). The increase in equity earnings includes a $2.3 million increase in earnings from our investment in Gulfstream.

Exploration & Production

Overview of the three months ended March 31, 2004

Production volumes in the first quarter increased, but the benefit of those higher volumes was largely offset by lower contracted hedged prices. In the first quarter of 2004, average daily production was approximately 501 million cubic feet of gas equivalent, up from 491 million cubic feet in the fourth quarter of 2003.

Outlook for the remainder of 2004

Our expectations for the remainder of the year include:

- A continuing development drilling program in our key basins with an increase in activity in the Piceance basin.
- Increasing our 2003 production level by 10 to 15 percent by the end of 2004. Approximately 80 percent of our forecasted production for the remainder of 2004 is hedged at prices that average $3.66 per mcfe at a basin level.

Three months ended March 31, 2004 vs. three months ended March 31, 2003

The following discussions of the quarter-over-quarter results primarily relate to our continuing operations. However, the results for 2003 include those operations that were sold during 2003 that did not qualify for discontinued operations reporting. The operations classified as discontinued operations are the properties in the Hugoton and Raton basins.

	Three months ended March 31,	
	2004	2003
	(Millions)	
Segment revenues	$165.2	$243.9
Segment profit	$ 51.5	$113.8

The $78.7 million, or 32 percent decrease in Exploration & Production revenues is due primarily to $47 million lower production revenues reflecting lower net realized average prices and lower production volumes. The remainder of the decrease reflects a reduction in revenues from gas management activities, $10 million lower income from the utilization of excess transportation capacity and $7 million lower income on derivative instruments that did not qualify for hedge accounting.

The decrease in domestic production revenues reflects $33 million associated with a 20 percent decrease in net realized average prices for production and $14 million from an eight percent decrease in net domestic production volumes. Net realized average prices include the effect of hedge positions. The decrease in production volumes primarily relates to the absence of volumes associated with properties sold in the second and third quarter of 2003. Production volumes for our core retained properties were consistent from period to period. We expect volumes to increase towards the end of the year as our drilling program continues.

To minimize the risk and volatility associated with the ownership of producing gas properties, we enter into derivative forward sales contracts, which economically lock in a price for a portion of our future production. Approximately 83 percent of domestic production in the first quarter of 2004 were hedged. These hedging decisions are made considering our overall commodity risk exposure.

Costs and expenses, including selling, general and administrative expenses, decreased $20 million, primarily reflecting the following:

- $13 million lower gas management expenses associated with the lower revenues from gas management activities mentioned above; and
- $4 million lower depreciation, depletion and amortization expense primarily as a result of lower production volumes.

The $62.3 million decrease in segment profit is due primarily to the lower production revenues as discussed above and the lower revenues related to excess transportation capacity and non hedge derivative income.

Midstream Gas & Liquids

Overview of three months ended March 31, 2004

Consistent with our strategy to invest in targeted growth areas and divest non-core assets, we placed into service additional infrastructure in the deepwater offshore area of the Gulf of Mexico and expanded the Opal gas processing facility in Wyoming. In the Gulf of Mexico, the Devils Tower platform handling facility and the Gunnison pipeline assets were placed into service in the first quarter of 2004 and are expected to begin contributing to segment profit in the upcoming quarters. The Opal expansion began operating in March of 2004.

Outlook for the remainder of 2004

The following factors could impact our business in the remaining quarters of 2004 and beyond:

- Continued growth in the deepwater areas of the Gulf of Mexico is expected to contribute to, and become a larger component of, our future segment revenues and segment profit. We expect these additional fee-based revenues to lower our overall exposure to commodity price risks. Incremental revenues related to the Gunnison and Devils Tower deepwater projects are expected to continue growing throughout 2004 and make a significant contribution to total annual segment profit in 2004.
- Our gas processing margins were above the five-year annual average in the first quarter of 2004. However, we do not expect the average annual margin for the remainder of 2004 to exceed this average.
- Beginning in the second quarter of 2003, our Gulf Coast gas processing plants earned additional fee revenues from short-term processing agreements contracted in response to gas merchantability orders from pipeline operators requiring producers' gas to be processed to achieve pipeline quality standards. The termination of these short-term contracts could result in lower Gulf Coast processing revenues. These contracts could be terminated as a result of a shift in regulatory policy or a sustained, long-term period of favorable gas processing margins.
- We continue to evaluate and pursue the sale of various assets. The completion of certain asset sales may have the effect of lowering revenues and/or segment profit in the periods following the sales. We have announced our intent to sell the following assets:
  - Canadian straddle plants,
  - Cameron Meadows/Black Marlin gas gathering and processing assets,
  - Conway NGL fractionator and storage facilities,
  - South Texas gas gathering assets,
  - Ethylene distribution system (Gulf Coast), and
  - Gulf Liquids facility (currently reported as discontinued operations).

Additional fee-based revenues from our new deepwater assets are expected to mitigate segment profit decline resulting from these asset sales. As we continue to evaluate and execute our asset divestiture strategy, certain assets for sale may meet the requirements to be reported as discontinued operations.

Management's Discussion and Analysis (Continued)

Three months ended March 31, 2004 vs. three months ended March 31, 2003

Pursuant to generally accepted accounting principles, we have classified the operations of Gulf Liquids, West Stoddart and Redwater as discontinued operations. All prior periods reflect this reclassification.

	Three months ended March 31,	
	2004	2003
	(Millions)	
Segment revenues	$766.4	$1,013.7
Segment profit		
Domestic Gathering & Processing	$ 77.1	$ 99.7
Venezuela	21.5	13.6
Canada	7.7	(1.8)
Other	11.4	4.7
Total	$117.7	$ 116.2

The $247.3 million decrease in Midstream's revenues is primarily the result of lower trading revenues largely due to the fourth quarter 2003 sale of our wholesale propane business. This decline is partially offset by a $47 million increase as the result of the marketing of natural gas liquids (NGLs) on behalf of our customers. Before 2004, our purchases of customers' NGLs were netted within revenues. In 2004, these purchases of customers' NGLs are reported as a cost of goods sold. In addition, revenues increased $56 million largely due to higher production volumes at our Gulf Coast gas processing plants and olefins facilities as well as higher revenues from our Venezuelan facilities.

Cost and operating expenses declined $235 million as a result of lower trading costs largely due to the sale of our wholesale propane business. This decline is partially offset by the increase in costs related to the increase in NGLs marketed on behalf of customers, as noted above. Also, costs and operating expenses increased as a result of $39 million in higher domestic natural gas purchases used to replace the heating value of NGLs extracted at our gas processing facilities. Also, feedstock purchases at our Gulf Coast olefins facility rose as a result of higher production volumes and market prices.

Total Midstream segment profit for the first quarter of 2004 increased $1.5 million compared to the first quarter of 2003. Results from our domestic gathering and processing business declined as a result of lower processing margins caused by rising natural gas prices in the West Region. Improved results at our Canadian and Venezuelan facilities as well as the absence of audit adjustments recorded in the first quarter 2003 to our Discovery partnership investment offset lower domestic margins. A more detailed analysis of segment profit of our various operations is presented below.

Domestic Gathering & Processing: The $22.6 million decrease in domestic gathering and processing segment profit includes a $24 million decline in the West Region while the Gulf Coast Region's segment profit increased $1 million.

The $24 million decline in the West Region's segment profit is primarily due to a $21 million decline in gas processing margins highlighting the impact of more favorable margins realized during the first quarter of 2003. Both quarters experienced strong NGL prices supported by high crude prices. In the first quarter of 2003, our West Region plants yielded very favorable gas processing margins as transportation constraints created downward price pressure on Wyoming natural gas prices. During that period, gas prices were 64 percent of those in the Gulf Coast area. However, with the additional pipeline capacity provided by the completion of the Kern River Pipeline system, Wyoming's gas prices rebounded in the first quarter of 2004 to 89 percent of Gulf Coast area prices.

Segment profit for our Gulf Coast Region increased slightly compared to the first quarter of 2003. Gas processing margins improved $2 million due to significantly higher production volumes stemming from new processing agreements created to allow producers' gas to be processed to achieve pipeline quality standards. In addition, we resolved a 1999 gas measurement contingent liability resulting in a $3 million favorable impact to segment profit. Offsetting these increases is $3 million in depreciation expense relating to the Devils Tower and Gunnison projects. These projects will not begin to contribute material revenues until the second quarter of 2004.

Management's Discussion and Analysis (Continued)

Venezuela: Segment profit for our Venezuelan assets increased $7.9 million as a result of a fire at the El Furrial facility that reduced revenues by $10 million in the first quarter of 2003. Partially offsetting this increase was lower equity earnings from our investment in the Accroven partnership and higher currency revaluation expenses. Our Venezuelan assets are currently operated for the exclusive benefit of Petroleos de Venezuela S.A. (PDVSA), the state owned Petroleum Corporation of Venezuela. The Venezuelan economic and political environment can be volatile, but has not significantly impacted the operations and cash flows of our facilities.

Effective February 7, 2004, the Venezuelan government revalued the fixed exchange rate for their local currency from 1,600 Bolivars to the dollar to 1,920 Bolivars to the dollar. This effect of this Bolivar devaluation was recorded in the first quarter of 2004 as a $1.3 million charge to earnings.

Canada: Segment profit for our Canadian operations increased $9.5 million as a result of higher processing margins and lower expenses. As a result of the successful re-negotiation of a significant processing contract, processing margins improved $6 million at our Cochrane and Empress V facilities. General and administrative expenses were $3 million less due to the effect of the 2003 asset sales. In addition, currency translation adjustments were also favorable by $2 million as a result of a strengthening Canadian dollar. These favorable variances are partially offset by $1 million lower olefins production margins at our Redwater/Fort McMurray facility.

Other: The $6.7 million increase in segment profit for our other operations is primarily due to higher domestic olefins margins and favorable partnership earnings, as follows:

- Segment profit for our Domestic Olefins operations increased $4 million primarily as a result of improved olefins fractionation prices attributed to lower ethylene supplies and higher demand for olefins products. Ethylene production volumes increased 40 percent compared to the first quarter of 2003 primarily due to a new contract with a major customer.

- Earnings from partially owned domestic assets accounted for using the equity method are $9 million higher due to $8 million in prior period accounting adjustments on the Discovery partnership recorded during the first quarter of 2003.

- Segment profit for our Trading, Fractionation, and Storage group declined $6 million primarily due to $10 million lower net trading revenues caused by the sale of our wholesale propane business in the fourth quarter of 2003 and the quarterly lower of cost or market valuation of NGL line fill inventories. Lower selling, general and administrative expenses and other charges comprise the remaining offsetting variance.

Other

	Three months ended March 31,	
	2004	2003
	(Millions)	
Segment revenues	$12.6	$28.0
Segment profit (loss)	$ (8.7)	$ 4.8

Other segment revenues for first-quarter 2003 include approximately $14 million of revenues related to certain butane blending assets, which were sold during third-quarter 2003.

Other segment loss for 2004 includes $6.5 million net unreimbursed advisory fees related to the recapitalization of Longhorn Partners Pipeline, L.P. (Longhorn) in February 2004. If the project achieves certain future performance measures, the unreimbursed fees may be recovered. As a result of this recapitalization, we sold a portion of our equity investment in Longhorn for $11.4 million, received $58 million in repayment of a portion of our advances to Longhorn and converted the remaining advances, including accrued interest, into preferred equity interests in Longhorn. These preferred equity interests are subordinate to the preferred interests held by the new investors. Other than the unreimbursed fees, no gain or loss was recognized on this transaction.

Management's Discussion and Analysis (Continued)

Fair value of trading derivatives

The chart below reflects the fair value of derivatives held for trading purposes as of March 31, 2004. We have presented the fair value of assets and liabilities by the period in which we expect them to be realized.

To be Realized in 1-12 Months (Year 1)	To be Realized in 13-36 Months (Years 2-3)	To be Realized in 36-60 Months (Years 4-5)	To be Realized in 61-120 Months (Years 6-10)	Total Fair Value
		(Millions)		
$(63)	$ 8	$(14)	$(2)	$(71)

As the table above illustrates, we are not materially engaged in trading activities. However, we hold a substantial portfolio of non-trading derivative contracts. Non-trading derivative contracts are those that hedge or could possibly hedge Power's long-term structured contract position and the activities of our other segments on an economic basis. Certain of these economic hedges have not been designated as or do not qualify as SFAS No. 133 hedges. As such, changes in the fair value of these derivative contracts are reflected in earnings. We also hold certain derivative contracts, which do qualify as SFAS No. 133 cash flow hedges, which primarily hedge Exploration & Production's forecasted natural gas sales. As of March 31, 2004, the fair value of these non-trading derivative contracts was a net asset of $281 million.

Counterparty credit considerations

We include an assessment of the risk of counterparty non-performance in our estimate of fair value for all contracts. Such assessment considers 1) the credit rating of each counterparty as represented by public rating agencies such as Standard & Poor's and Moody's Investors Service, 2) the inherent default probabilities within these ratings, 3) the regulatory environment that the contract is subject to and 4) the terms of each individual contract.

Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. We continually assess this risk. We have credit protection within various agreements to call on additional collateral support if necessary. At March 31, 2004, we held collateral support of $426 million.

We also enter into netting agreements to mitigate counterparty performance and credit risk. During first-quarter 2004, we did not incur any significant losses due to recent counterparty bankruptcy filings.

Management's Discussion and Analysis (Continued)

The gross credit exposure from our derivative contracts as of March 31, 2004 is summarized below.

Counterparty Type	Investment Grade[a]	Total
	(Millions)	
Gas and electric utilities	$1,219.4	$1,361.9
Energy marketers and traders	2,559.6	4,989.1
Financial institutions	1,117.2	1,117.2
Other	3.7	8.6
	$4,899.9	7,476.8
Credit reserves		(52.9)
Gross credit exposure from derivatives[b]		$7,423.9

We assess our credit exposure on a net basis. The net credit exposure from our derivatives as of March 31, 2004 is summarized below.

Counterparty Type	Investment Grade[a]	Total
	(Millions)	
Gas and electric utilities	$593.5	$ 604.6
Energy marketers and traders	60.6	434.1
Financial institutions	175.0	175.0
Other	2.4	2.7
	$831.5	1,216.4
Credit reserves		(52.9)
Net credit exposure from derivatives[b]		$1,163.5

(a) We determine investment grade primarily using publicly available credit ratings. We included counterparties with a minimum Standard & Poor's rating of BBB- or Moody's Investors Service rating of Baa3 in investment grade. We also classify counterparties that have provided sufficient collateral, such as cash, standby letters of credit, adequate parent company guarantees, and property interests, as investment grade.

(b) One counterparty within the California power market represents more than ten percent of the derivative assets and is included in investment grade. Standard & Poor's and Moody's Investors Service do not currently rate this counterparty. We included this counterparty in the investment grade column based upon contractual credit requirements in the event of assignment or substitution of a new obligation for the existing one.

Management's Discussion and Analysis (Continued)

Financial condition and liquidity

Liquidity

Overview

Entering 2003, we faced significant liquidity challenges with sizeable maturing debt obligations and limited financial flexibility. In February 2003, we outlined our planned business strategy to address these challenges, which included reducing debt and increasing our liquidity through asset sales, strategic levels of financing and reductions of operating costs.

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2003, we successfully executed certain critical components of our plan during 2003. Key execution steps for 2004 and beyond include the following:

- completion of planned asset sales, which are estimated to generate proceeds of approximately $800 million in 2004;
- additional reductions of our SG&A costs;
- the replacement of our cash-collateralized letter of credit and revolver facility with facilities that do not encumber cash; and
- continuation of our efforts to exit from the Power business.

Sources of liquidity

Our liquidity is derived from both internal and external sources. Certain of those sources are available to us (at the parent level) and others are available to certain of our subsidiaries.

At March 31, 2004, we have the following sources of liquidity:

- Cash-equivalent investments at the corporate level of $1.7 billion as compared to $2.2 billion at December 31, 2003.
- Cash and cash-equivalent investments of various international and domestic entities of $259 million, as compared to $91 million at December 31, 2003.

At March 31, 2004, we have capacity of $532 million available under our $800 million revolving and letter of credit facility compared to $447 million at December 31, 2003. In June 2003, we entered into this revolving and letter of credit facility, which is used primarily for issuing letters of credit and must be collateralized at 105 percent of the level utilized (see Note 10 of Notes to Consolidated Financial Statements).

We have an effective shelf registration statement with the Securities and Exchange Commission that authorizes us to issue an additional $2.2 billion of a variety of debt and equity securities. However, the ability to utilize this shelf registration for debt securities is restricted by certain covenants associated with our $800 million 8.625 percent senior unsecured notes.

In addition, our wholly owned subsidiaries Northwest Pipeline and Transco have outstanding registration statements filed with the Securities and Exchange Commission. As of March 31, 2004, approximately $350 million of shelf availability remains under these registration statements. However, the ability to utilize these registration statements is restricted by certain covenants associated with our $800 million 8.625 percent senior unsecured notes. Interest rates, market conditions, and industry conditions will affect amounts raised, if any, in the capital markets.

During the first three months of 2004, we satisfied liquidity needs with:

- $279 million in cash generated from the sale of the Alaska refinery and related assets, and
- $175.7 million in cash generated from cash flows of continuing operations.

Management's Discussion and Analysis (Continued)

Outlook for the remainder of 2004

We estimate capital and investment expenditures will be approximately $725 million to $825 million for 2004. During the remainder of 2004, we expect to fund capital and investment expenditures, debt payments and working-capital requirements through (1) cash and cash equivalent investments on hand, (2) cash generated from operations, and (3) cash generated from the sale of assets. We expect to realize approximately $800 million from asset sales in 2004 (including the $279 million of cash received from the March 31, 2004 sale of the Alaska refinery) and expect to generate $1.0 to $1.3 billion in cash flow from continuing operations.

In April 2004, we entered into two unsecured bank revolving credit facilities totaling $500 million. These facilities provide for borrowings and letters of credit, but will be used primarily for issuing letters of credit. During April 2004, use of these new facilities released approximately $500 million of restricted cash, restricted investments and margin deposits. Also, on May 3, 2004 we entered into a new three-year, $1 billion secured revolving credit facility which is available for borrowings and letters of credit. Northwest Pipeline and Transco have access to $400 million each under the facility. The new facility is secured by certain Midstream assets and a guarantee from WGP (see Note 10 of Notes to the Consolidated Financial Statements).

In the remainder of 2004, we expect to make significant additional progress towards debt reduction while maintaining management's estimate of appropriate levels of cash and other forms of liquidity. To manage our operations and meet unforeseen or extraordinary calls on cash, we expect to maintain cash and/or liquidity levels of at least $1 billion. While our access to the capital markets continues to improve, one of our indentures, as well as the two unsecured facilities closed in April, have covenants that restrict our ability to issue new debt, with minimal exceptions, until a certain fixed charge coverage ratio is achieved. We expect to satisfy this requirement by the end of 2005.

Credit ratings

As part of executing the business plan announced in February of 2003, we established a goal of returning to investment grade status. While reduction of debt is viewed as a key contributor towards this goal, certain of the key credit rating agencies have imputed the financial commitments associated with our long-term tolling agreements within the Power business as debt. If we are unable to achieve our goal of exiting the Power business and/or the elimination of these commitments, receiving an investment grade rating may be further delayed. See Note 1 of Notes to Consolidated Financial Statements for a further discussion on the Power business status.

Off-balance sheet financing arrangements and guarantees of debt or other commitments to third parties

As discussed previously, in April 2004, we entered into two unsecured bank revolving credit facilities totaling $500 million. We were able to obtain the unsecured credit facilities because the bank syndicated its associated credit risk into the institutional investor market via a 144A offering. Upon the occurrence of certain credit events, outstanding letters of credit become cash collateralized creating a borrowing under the facilities, and concurrently the bank can deliver the facilities to the institutional investors, whereby the investors replace the bank as lender under the facilities.

The bank established trusts funded by the institutional investors, whereby the assets of the trusts serve as collateral to reimburse the bank for our borrowings in the event the facilities are delivered to the investors. We have no asset securitization or collateral requirements under the new facilities. During April 2004, use of these new facilities released approximately $500 million of restricted cash, restricted investments and margin deposits (see Note 10 of Notes to the Consolidated Financial Statements).

Operating activities

In the first quarter of 2003, we recorded an accrual for fixed rate interest included in the RMT Note on the Consolidated Statement of Cash Flows representing the quarterly non-cash reclassification of the deferred fixed rate interest from an accrued liability to the RMT Note. The amortization of deferred set-up fee and fixed rate interest on the RMT Note relates to amounts recognized in the income statement as interest expense, which were not payable until maturity. The RMT Note was repaid in May 2003.

Items reflected as discontinued operations within operating activities in the Consolidated Statement of Cash Flows include approximately $70 million in use of funds related to the timing of settling working capital issues of the Alaska refinery and related assets. We expect to receive the proceeds from the collection of approximately $58 million in trade receivables related to the Alaska refinery and related assets in the second quarter.

Management's Discussion and Analysis (Continued)

Financing activities

On March 15, 2004, we retired the remaining $679 million obligation pertaining to the outstanding balance of the 9.25 percent senior unsecured Notes due March 15, 2004. The $679 million represented the remaining amount of the Notes subsequent to the fourth-quarter 2003 tender which retired $721 million of the original $1.4 billion balance.

For a discussion of other borrowings and repayments in 2004, see Note 10 of Notes to Consolidated Financial Statements.

Dividends paid on common stock are currently $.01 per common share on a quarterly basis and totaled $5.2 million for the three months ended March 31, 2004. One of the covenants under the indenture for the $800 million senior unsecured notes due 2010 currently limits our quarterly common stock dividends to not more than $.02 per common share. This restriction will be removed in the future if certain requirements in the covenants are met.

Investing activities

During the first quarter of 2004, we purchased $235.9 million of restricted investments comprised of U.S. Treasury notes and retired $331.2 million on their scheduled maturity date. We made these purchases to satisfy the 105 percent cash collateralization covenant in the $800 million revolving credit facility (see Note 10 of Notes to Consolidated Financial Statements).

During February 2004, we were a party to a recapitalization plan completed by Longhorn Partners Pipeline, L.P. (Longhorn). As a result of this plan, we received $58 million in repayment of a portion of our advances to Longhorn and converted the remaining advances, including accrued interest, into preferred equity interests in Longhorn. The $58 million received is included in Proceeds from dispositions of investments and other assets.

The following first-quarter sales provided significant proceeds from sales and may include various adjustments subsequent to the actual date of sale.

In 2004:

- $279 million of cash proceeds related to the sale of Alaska refinery, retail and pipeline and related assets.

In 2003:

- $453 million related to the sale of the Midsouth refinery;
- $188 million related to the sale of the Williams travel centers; and
- $40 million related to the sale of the Worthington facility.

Contractual obligations

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2003, we had certain contractual obligations at December 31, 2003, with various maturity dates, related to the following:

- notes payable;
- long-term debt;
- capital and operating leases;
- purchase obligations; and
- other long-term liabilities, including physical and financial derivatives.

Management's Discussion and Analysis (Continued)

During the first-quarter 2004, the amount of our contractual obligations changed significantly due to the following:

- On March 15, 2004, we retired the remaining $679 million obligation pertaining to the outstanding balance of the 9.25 percent senior unsecured Notes due March 15, 2004.
- Power's physical and financial derivative obligations decreased by approximately $483 million. The decrease is due to normal trading and market activity and the expiration of obligations related to the first three months of 2004.
- As part of the sale of the Alaska refinery, we terminated a $385 million crude purchase contract with the state of Alaska.

Item 3
Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our interest rate risk exposure associated with the debt portfolio was impacted by debt payments and modification of debt terms during the first quarter of 2004. On March 15, 2004, we retired the remaining $679 million balance of the 9.25 percent senior unsecured Notes due March 15, 2004. On February 25, 2004, our Exploration & Production segment amended its $500 million secured note facility, reducing the floating interest rate from the London InterBank Offered Rate (LIBOR) plus 3.75 percent to LIBOR plus 2.5 percent. (See Note 10 of the Notes to Consolidated Financial Statements.)

Commodity Price Risk

We are exposed to the impact of market fluctuations in the price of natural gas, power, crude oil, refined products and natural gas liquids. We are exposed to these risks in connection with our owned energy-related assets, our long-term energy-related contracts and our proprietary trading activities. We manage the risks associated with these market fluctuations using various derivatives. The fair value of derivative contracts is subject to changes in energy-commodity market prices, the liquidity and volatility of the markets in which the contracts are transacted, and changes in interest rates. We measure the risk in our portfolios using a value-at-risk methodology to estimate the potential one-day loss from adverse changes in the fair value of the portfolios.

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 portfolios. The value-at-risk model assumes that, as a result of changes in commodity prices, there is a 95 percent probability that the one-day loss in fair value of the portfolios will not exceed the value at risk. The value-at-risk model uses historical simulations to estimate hypothetical movements in future market prices. In these simulations, we assume normal market conditions and historical market prices. In applying the value-at-risk methodology, we do not consider that changing the portfolio in response to market conditions could affect market prices and could take longer than a one-day holding period to execute. While a one-day holding period has historically been the industry standard, a longer holding period could more accurately represent the true market risk given market liquidity and our own credit and liquidity constraints.

We segregated our derivative contracts into trading and non-trading contracts, as defined in the following paragraphs. We calculate value at risk separately for these two categories. Derivative contracts designated as normal purchases or sales under SFAS No. 133 and non-derivative energy contracts have been excluded from our estimation of value at risk.

Trading

Our trading portfolio consists of derivative contracts entered into to provide price risk management services to third-party customers. Only contracts that meet the definition of a derivative are carried at fair value on the balance sheet. The value at risk for contracts held for trading purposes was $3 million and $5 million at March 31, 2004 and December 31, 2003, respectively.

Management's Discussion & Analysis (Continued)

Non-trading

Our non-trading portfolio consists of contracts that hedge or could potentially hedge the price risk exposure from the following activities:

Segment	Commodity Price Risk Exposure
Exploration & Production	• Natural gas sales
Midstream	• Natural gas purchases
	• Natural gas liquids purchases
	• Natural gas liquids sales
Power	• Natural gas purchases
	• Electricity purchases
	• Electricity sales

The value at risk for contracts held for non-trading purposes was $23 million at March 31, 2004 and $18 million at December 31, 2003. Certain of the contracts held for non-trading purposes were accounted for as cash flow hedges under SFAS No. 133. We did not consider the underlying commodity positions to which the cash flow hedges relate in our value-at-risk model. Therefore, value at risk does not represent economic losses that could occur on a total non-trading portfolio that includes the underlying commodity positions.

Item 4. Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d) - (e) of the Securities Exchange Act) (Disclosure Controls) was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, subject to the limitations noted below, these Disclosure Controls are effective.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our Disclosure Controls or its internal controls over financial reporting (Internal Controls) will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. We monitor our Disclosure Controls and Internal Controls and make modifications as necessary; our intent in this regard is that the Disclosure Controls and the Internal Controls will be modified as systems change and conditions warrant.

As stated in our year-end report, we have identified certain portions of our account reconciliation process whereby the controls and policies are in the process of being enhanced across all business segments.

Not withstanding the above, management believes that its current controls are effective. In addition, there has been no material change in our Internal Controls that occurred during the registrant's first fiscal quarter.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information called for by this item is provided in Note 11 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 6. Exhibits and Reports on Form 8-K

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

Exhibit 10.1 — $400,000,000 Credit Agreement dated as of April 14, 2004, by and among The Williams Companies, Inc. and the banks, financial institutions and other institutional lenders listed on the signature pages thereto as lenders, and Citibank, N.A., as Agent.

Exhibit 10.2 — $100,000,000 Credit Agreement dated as of April 26, 2004, by and among The Williams Companies, Inc. and the banks, financial institutions and other institutional lenders listed on the signature pages thereto as lenders, and Citibank, N.A., as Agent.

Exhibit 10.3 – The First Amendment to the Term Loan Agreement dated February 25, 2004, between Williams Production Holdings LLC, Williams Production RMT Company, as Borrower, the several financial institutions as lenders and Lehman Commercial Paper Inc., as Administrative Agent dated as of May 30, 2003.

Exhibit 10.4 — U.S. $1,000,000,000 Credit Agreement dated as of May 3, 2004, among The Williams Companies, Inc., Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation, as Borrowers, Citicorp USA, Inc., as Administrative Agent and Collateral Agent, Citibank, NA. and Bank of America, N.A., as Issuing Banks, the banks named therein as Banks, Bank of America, N.A. as Syndication Agent, JPMorgan Chase Bank, The Bank of Nova Scotia, The Royal Bank of Scotland plc as Co-Documentation Agents, Citigroup Global Markets Inc. and Banc of America Securities LLC as Joint Lead Arrangers and Co-Book Runners.

Exhibit 10.5 — Western Midstream Security Agreement dated as of May 3, 2004, among Williams Gas Processing Company, Williams Field Services Company, Williams Gas Processing – Wamsutter Company as Grantors, in favor of Citicorp USA, Inc. as Collateral Agents.

Exhibit 10.6 — Pledge Agreement dated as of May 3, 2004, by Williams Field Services Group, Inc. in favor of Citicorp USA, Inc. as Collateral Agent.

Exhibit 10.7 — Western Midstream Guaranty by Williams Gas Processing Company, Williams Field Services Company, Williams Gas Processing – Wamsutter Company as Guarantors in favor of Citicorp USA, Inc. as Collateral Agent.

Exhibit 10.8 — Pipeline Holdco Guaranty by Williams Gas Pipeline Company, LLC as Guarantor in favor of Citicorp USA, Inc. as Collateral Agent.

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

Exhibit 31.1 – Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 – Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32—Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) During first-quarter 2004, we filed or furnished a Form 8-K on the following dates reporting events under the specified items: March 31, 2004 Item 5; March 16, 2004 Items 7 and 9; February 26, 2004 Items 7 and 9; February 26, 2004 Items 7 and 9; February 20, 2004 Items 7 and 9; February 19, 2004 Items 7 and 9; February 19, 2004 Items 7, 9 and 12, and February 4, 2004 Items 7 and 9.

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SIGNATURE

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

THE WILLIAMS COMPANIES, INC.

(Registrant)

/s/ Gary R. Belitz

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

May 6, 2004

EXECUTION COPY

Exhibit 10.1

U.S. $400,000,000

FIVE YEAR CREDIT AGREEMENT

Dated as of April 14, 2004

Among

THE WILLIAMS COMPANIES, INC.,
as Borrower,

and

THE INITIAL LENDERS NAMED HEREIN,
as Initial Lenders,

and

THE INITIAL ISSUING BANKS NAMED HEREIN,
as Initial Issuing Banks,

and

CITIBANK, N.A.,
as Agent.

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

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ARTICLE IX
MISCELLANEOUS

FIVE YEAR CREDIT AGREEMENT

Dated as of April 14, 2004

THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") and issuers of letters of credit (the "Initial Issuing Banks") listed on the signature pages hereof and CITIBANK, N.A. ("Citibank"), as administrative agent and as paying agent (the "Agent") for the Lenders and Issuing Banks (each as hereinafter defined) agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Advance" means a Revolving Credit Advance.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling", "controlled by" and "under common control with" have correlative meanings.

"Agent" has the meaning specified in the preamble hereto.

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank at its office at Two Penns Way, Suite 110, New Castle, Delaware 19720, Account No. 40580177, Attention: Bank Loan Syndications or such other account of the Agent as is designated in writing from time to time by the Agent to the Borrower and the Lenders for such purpose.

"Agreement" means this Five Year Credit Agreement.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance or a Fixed Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Borrower and its Restricted Subsidiaries taken as a whole will be governed by the provisions of Section 5.07 or Section 5.13 hereof and not by the provisions of Section 5.14; and

(2) the issuance of Equity Interests in any of the Borrower's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $50 million;

(2) a transfer of assets between or among the Borrower and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Borrower or to another Restricted Subsidiary;

(4) the sale or lease of equipment, hydrocarbons or other inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) the sale or other disposition of accounts receivable and related assets to a Securitization Subsidiary in connection with a Permitted Receivables Financing;

(7) Sale and Leaseback Transactions;

(8) a Restricted Payment or Permitted Investment that is permitted by Section 5.03 hereof;

(9) dispositions in the ordinary course of business on arm's-length terms consummated pursuant to Oil and Gas Agreements;

(10) (i) dispositions of property acquired after the date hereof 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 $50,000,000 per fiscal year and (ii) dispositions required in connection with operating contracts, joint venture agreements and lease agreements existing on the date hereof;

(11) any sale or other disposition of assets of the Borrower or any of its Restricted Subsidiaries publicly announced as of the date hereof; and

(12) 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.

"Asset Sale Obligations" has the meaning specified in Section 5.14(c).

"Asset Sale Offer" has the meaning specified in Section 5.14(c).

"Asset Sale Reduction Amount" has the meaning specified in Section 5.14(e).

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Attributable Debt" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Base Rate" means an interest rate per annum 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; and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(i).

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee of such board authorized to act on its behalf;

(2) with respect to a partnership, the board of directors of the general partner of the partnership or any committee of such board authorized to act on its behalf; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"Board Resolution" means a copy of one or more resolutions, certified by the secretary or an assistant secretary of the Borrower to have been duly adopted or consented to by the Board of Directors of the Borrower and to be in full force and effect, and delivered to the Agent.

"Borrower" has the meaning specified in the preamble hereto.

"Borrowing" means a Revolving Credit Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advance, on which dealings are carried on in the London interbank market and banks are open for business in London.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means:

(1) Dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than two years from the date of acquisition;

(3) (i) demand deposits, (ii) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding 365 days and (iv) overnight bank deposits and other similar types of investments routinely offered by commercial banks, in each case, with any lender party to the Existing Credit Facilities or with any domestic commercial bank or trust company having capital and surplus in excess of $100 million;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least P-2 by Moody's or A-2 by S&P and in each case maturing within 270 days after the date of acquisition;

(6) short-term securities, including municipal notes, variable rate demand notes, auction rate securities, and floating rate notes rated either P-1 or A2 by Moody's or A-1 or A by S&P and maturing within 365 days of acquisition;

(7) 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 Moody's or A by S&P;

(8) money market funds the assets of which constitute primarily Cash Equivalents of the kinds described in clauses (1) through (7) of this definition; and

(9) deposits available for withdrawal on demand with any commercial bank not meeting the qualifications specified in clause (3) above; provided that all such deposits are made in the ordinary course of business, do not remain on deposit for more than 30 consecutive days and do not exceed $50 million in the aggregate at any one time.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Borrower and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than any such transaction in which the Person or Persons that, immediately prior to such transaction or transactions, were the Beneficial Owners of the Voting Stock of the Borrower are the Beneficial Owners in the aggregate of a majority in total of the total voting power of the then outstanding Voting Stock of the transferee "person";

(2) the adoption of a plan relating to the liquidation or dissolution of the Borrower;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that, any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Borrower or any of its Subsidiaries) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Borrower, measured by voting power rather than number of shares;

(4) the first day on which a majority of the members of the Board of Directors of the Borrower are not Continuing Directors; or

(5) the Borrower consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Borrower, in any such event pursuant to a

transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Borrower outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance).

"Change of Control Payment Date" has the meaning specified in Section 5.07(a).

"Change of Control Premium" means, in respect of a Lender, 1% of the reduction of such Lender's Commitment pursuant to Section 5.07.

"Change of Control Reduction Amount" has the meaning specified in Section 5.07(b).

"Citibank" has the meaning specified in the preamble hereto.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"Commission" means the Securities and Exchange Commission, created under the Exchange Act, as from time to time constituted (or its successor).

"Commitment" means a Revolving Credit Commitment or a Letter of Credit Commitment.

"Commitment Termination Date" means the earlier of (a) the date of termination in whole of the aggregate Commitments as provided herein and (b) the 25th Business Day prior to the date specified in clause (a) of the definition of Termination Date.

"Confidential Information" means information that the Borrower or any of its Subsidiaries or Affiliates (or any agent, officer, director, employee or other representative of any such Person) furnishes to the Agent or the relevant Lender (or the relevant participant or sub-participant) in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent or such Lender (or participant or sub-participant) from a source other than the Borrower or any of its Subsidiaries or Affiliates (or any agent, officer, director, employee or other representative of any such Person) unless such information has become generally available to the public or such source as a result of a breach of Section 9.07 by the Agent or a Lender.

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

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication):

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount (excluding any payments or

charges arising from the acceleration of debt issuance costs and original issue discounts associated with the repurchase of Indebtedness); non-cash interest payments; the interest component of any deferred payment obligations; the interest component of all payments associated with Capital Lease Obligations; imputed interest with respect to Attributable Debt; commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; any premiums, fees, discounts, expenses and losses on the sale of accounts receivable (and any amortization thereof) in connection with a Permitted Receivable Financing; and net of the effect of all payments made or received pursuant to Related Interest Rate or Currency Hedges), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(3) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash items (including asset write-downs) (excluding any such non-cash item (including asset write-downs) to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash items (including asset write-downs) were deducted in computing such Consolidated Net Income; plus

(4) unrealized non-cash losses resulting from foreign currency balance sheet adjustments required by GAAP to the extent such losses were deducted in computing such Consolidated Net Income; plus

(5) all losses incurred as a result of Power Portfolio Disposition Transactions, to the extent such losses were deducted in computing such Consolidated Net Income, minus

(6) all gains as a result of Power Portfolio Disposition Transactions, to the extent such gains were included in computing such Consolidated Net Income; plus or minus

(7) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense to the extent such gains or losses or revenue or expense were added or deducted in computing such Consolidated Net Income; minus

(8) non-cash items (including asset write-ups) increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined (where applicable) in accordance with GAAP.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval

(that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded; and

(4) the cumulative effect of a change in accounting principles will be excluded.

"Consolidated Net Tangible Assets" means, with respect to any Person at any date of determination, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting the following amounts: (i) all current liabilities reflected in such balance sheet, and (ii) all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Borrower who:

(1) was a member of such Board of Directors on the date hereof; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.07 or 2.08.

"Credit Facilities" means, one or more debt facilities or commercial paper facilities, in each case between the Borrower and/or any of its Restricted Subsidiaries and banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), bankers' acceptances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Disclosed Litigation" has the meaning specified in Section 3.01(b).

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date specified in clause (a) of the definition of Termination Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Borrower to repurchase such Capital Stock upon the occurrence of a Change of Control will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Borrower may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption

complies with Section 5.03 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement shall be equal to the maximum amount that the Borrower and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to the mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Dollars" and the "$" sign each mean lawful money of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (i) a Lender; (ii) an Affiliate of a Lender; (iii) any participant to which a Lender has sold a participation, any sub-participant thereof or any owner of a beneficial interest in the foregoing, if in the case of a participant or a sub-participant the Borrower consented, at the time of such sale, to such participation or sub-participation, as applicable, such consent not to be unreasonably withheld or delayed; or (iv) any other Person approved by the Agent and, unless (a) an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.06 or (b) an assignment has occurred to a participant described in clause (iii), the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Eligible Lender" means an Initial Lender, an Initial Issuing Bank or any Eligible Assignee (other than an Eligible Assignee described in clause (iii) of the definition of Eligible Assignee).

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

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

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

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

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

"ERISA Affiliate" means any Person that for purposes of Section 302 and Title IV of ERISA or for purposes of Section 412 of the Code is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Code.

"ERISA Event" means (a) a "reportable event" described in Section 4043 of ERISA (other than a "reportable event" (i) described in Section 4043(c)(3) of ERISA, (ii) not subject to the provision for 30-day notice to the PBGC or (iii) that would not result in a material liability to the Borrower, any of its Subsidiaries or any ERISA Affiliate), or (b) the incurrence of a material liability by the Borrower, any of its Subsidiaries or any ERISA Affiliate as a result of the withdrawal of the Borrower, any of its Subsidiaries or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or by reason of the provisions of Section 4064 of ERISA upon the termination of a Multiple Employer Plan, or (c) the existence of any "accumulated funding deficiency" or "liquidity shortfall" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, or the filing of an application pursuant to Section 412(e) of the Code or Section 304 of ERISA for any extension of an amortization period, or (d) the provision or filing of a notice of intent to terminate a Plan other than in a standard termination within the meaning of Section 4041 of ERISA or the treatment of a Plan amendment as a distress termination under Section 4041 of ERISA, or (e) the institution of proceedings to terminate a Plan by the PBGC, or (f) any other event or condition which might reasonably be expected to constitute grounds for (x) the termination of, or the appointment of a trustee to administer, any Plan other than in a standard termination within the meaning of Section 4041 of ERISA or (y) the imposition of any lien on the assets of the Borrower, any of its Subsidiaries or any ERISA Affiliate under ERISA, including as a result of the operation of Section 4069 of ERISA.

"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 Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing, an interest rate per annum equal to the rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum) appearing on Telerate Page 3750 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, that if such Interest Period ends on the date specified in clause (a) of the definition of Termination Date, such interest rate shall be the rate per annum appearing on the Telerate Page for London interbank offered deposits with a term equal to the actual number of days from the first day of such Interest Period to the date specified in clause (a) of the definition of Termination Date (the "Final Interest Period") or, if such Final Interest Period does not equal a term appearing on the Telerate Page, such rate per annum shall be determined by interpolating linearly between (i) the rate for the period appearing on the Telerate Page that is closest to and greater than the length of such Final Interest Period and (ii) the rate for the period appearing on the Telerate Page that is closest to and less than the length of such Final Interest Period) or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in Dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such

Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period. If Telerate Page 3750 is unavailable, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.07.

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period 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 a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Credit Facilities" means (1) the Secured Credit Agreement, (2) the New RMT Loan and (3) one or more Permitted Receivables Financings (if any) existing as of the date hereof.

"Existing Indebtedness" means Indebtedness of the Borrower and its Restricted Subsidiaries (other than Indebtedness under the Existing Credit Facilities or this Agreement) in existence on the date hereof, until such amounts are repaid.

"Facility Fee" has the meaning specified in Section 2.04(a).

"Facility Fee Period End Date" means April 15 and October 15 of each year and the date specified in clause (a) of the definition of the Termination Date, commencing on October 15, 2004.

"Fair Market Value" means the value (after taking into account any liabilities relating to any assets) that would be exchanged between a willing buyer and a willing seller in a transaction in which neither party is an Affiliate of the other, determined in good faith by the Chief Financial Officer or other senior officer of the Borrower except as otherwise provided in 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 that 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.

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of

such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets used in a Permitted Business and Qualifying Expansion Projects) and including any related financing transactions (including any repayment of Indebtedness), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred or (in the case of any Qualifying Expansion Projects) have been completed and in service on the first day of the four-quarter reference period, including any Consolidated Cash Flow (including interest income reasonably anticipated by such Person to be received from Cash Equivalents held by such Person or any of its Restricted Subsidiaries) and any pro forma expense and cost reductions that have occurred or are reasonably expected to occur, in the reasonable judgment of the Chief Financial Officer or Chief Accounting Officer of the Borrower (regardless of whether those cost savings or operating improvements could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the Commission related thereto) but in the case of Qualifying Expansion Projects, only to the extent of Qualifying Expansion Project Amounts;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount (excluding (a) amortization of debt issuance costs incurred prior to the date hereof, (b) charges associated with fees and expenses, including professional fees, incurred prior to the date hereof in connection with the modification, or any preparation undertaken by any Person in connection with the issuance or incurrence, of Indebtedness of the Borrower and its Restricted Subsidiaries that occurred prior to the date hereof and (c) payments or charges arising from the acceleration of debt issuance costs and original issue discounts associated with the repurchase of Indebtedness), non-cash interest payments, the interest component of any deferred

payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, any premiums, fees, discounts, expenses and losses on the sale of accounts receivable (and any amortization thereof) in connection with a Permitted Receivables Financing, and net of the effect of all payments made or received pursuant to Related Interest Rate or Currency Hedges; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense on Indebtedness of another Person that is Guaranteed by the specified Person or one of its Restricted Subsidiaries or secured by a Lien on assets of the specified Person or one of its Restricted Subsidiaries (excluding a Lien on Capital Stock of an Unrestricted Subsidiary of the Borrower or a Person that is not a Subsidiary of the Borrower securing Non-Recourse Indebtedness of such Unrestricted Subsidiary or other Person), whether or not such Guarantee or Lien is called upon; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Borrower (other than Disqualified Stock) or to the Borrower or a Restricted Subsidiary of the Borrower;

provided that there shall be excluded from Fixed Charges interest expense for any period on any Non-Recourse Debt of a Project Finance Subsidiary or an International Project Finance Subsidiary, as the case may be, in an amount not to exceed 50% of the amount equal to the portion of the Net Income for such period, if any, attributable to such Project Finance Subsidiary or International Project Finance Subsidiary that is excluded pursuant to clause (2) of the definition of Consolidated Net Income.

"Fixed Rate" means 3.57% per annum.

"Fixed Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(iii).

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, all as in effect from time to time.

"Gas Gathering Systems" means the gas plant and those certain gas gathering systems consisting of all equipment, assets, rights-of-way, surface leases, contracts and related assets.

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

"Guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

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

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person incurred under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(2) foreign exchange contracts and currency protection agreements entered into with one or more financial institutions designed to protect the person or entity entering into the agreement against fluctuations in interest rates or currency exchanges rates;

(3) any commodity futures contract, commodity option or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used by that entity at the time; and

(4) other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency exchange rates.

"Hydrocarbons" means 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" means 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" means, with respect to any specified Person, any obligation of such Person, whether or not contingent:

(1) for borrowed money;

(2) evidenced by bonds (but not including performance or surety bonds), notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) for banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable;

(6) representing any Related Interest Rate or Currency Hedges; or

(7) under Permitted Receivables Financings;

if and to the extent any of the preceding items (other than letters of credit and Related Interest Rate or Currency Hedges and obligations in respect of Permitted Receivables Financings) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

Notwithstanding the foregoing, (a) Indebtedness shall not include production payment obligations of the Borrower or any Restricted Subsidiary of the Borrower recorded as deferred revenue or deferred liability in accordance with GAAP, together with all related undertakings and obligations, (b) if as a result of either a change in accounting principles or the application thereof or as a result of any amendment, modification or supplementation to any applicable agreement or other document relating thereto, any tolling agreement of the Borrower or any of its Subsidiaries entered into prior to the date hereof constitutes "Indebtedness", such change, amendment, modification or supplementation shall not give rise to any incurrence of Indebtedness for the purposes of this definition to the extent that such amendment, modification or supplementation does not materially increase the obligations of the Borrower and its Restricted Subsidiaries thereunder and (c) a Lien on Capital Stock pursuant to clause (20) of the definition of "Permitted Liens" shall not be deemed to be an incurrence of Indebtedness by the grantor of the Lien or an Investment in the Person which issued such Capital Stock.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) in the case of any Permitted Receivables Financing, the net unrecovered principal amount of the accounts receivable sold thereunder at such date, or other similar amount representing the principal financing amount thereof;

(3) in the case of any Related Interest Rate or Currency Hedges, the net amount payable if such Related Interest Rate or Currency Hedges is terminated at that time due to default by such Person (after giving effect to any contractually permitted set-off);

(4) in respect of Indebtedness of other Persons secured by a Lien on the assets of the specified Person or on any other Person, the lesser of:

(a) the Fair Market Value of such asset at such date of determination, and

(b) the amount of such Indebtedness of such other Persons; and

(5) the principal amount of the Indebtedness in the case of any other Indebtedness.

"Indemnified Costs" has the meaning specified in Section 7.05.

"Initial Issuing Banks" has the meaning specified in the preamble hereto.

"Initial Lenders" has the meaning specified in the preamble hereto.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing and subject to Section 2.07(c), the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period so selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the duration of any Interest Period that commences before the Termination Date and would otherwise end after the date specified in clause (a) of the definition of Termination Date shall end on such date specified in clause (a) of the definition of Termination Date and the Eurodollar Rate for such Interest Period shall be determined on the basis of the actual number of days in such Interest Period;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Revolving Credit Borrowing shall be of the same duration;

(c) 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, however, 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;

(d) the duration of any Interest Period that would otherwise end after the date a Eurodollar Rate Advance is Converted into a Fixed Rate Advance shall end on the date of such Conversion; and

(e) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"International Project Finance Subsidiary" means (a) WilPro Energy Services (El Furrial) Limited, Apco Argentina Inc., and WilPro Energy Services (PIGAP II) Limited, (b) any Restricted Subsidiary of the Borrower created after the date hereof in order to acquire, construct, develop and/or operate fixed assets and related assets to be used in a Specified International Project, in each case:

(1) which is specified in clause (a) above or designated as an International Project Finance Subsidiary by the Borrower's Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower,

(2) the Indebtedness of which (and of its Subsidiaries) is solely Non-Recourse Indebtedness, and

(3) all Investments made by the Borrower or its Restricted Subsidiaries in such International Project Finance Subsidiary and its Subsidiaries on or prior to the date of designation, measured on the date each such Investment was made and without giving effect to subsequent changes in value, (less the amount of cash return on such Investments received by the Borrower or its other

Restricted Subsidiaries on or prior to such date) are deemed to be made at the time of such designation and qualify at the time of such designation as Specified Project Finance Investments;

and (c) each Restricted Subsidiary of the Borrower that is a Subsidiary of such International Project Finance Subsidiary.

"Investment Grade Date" has the meaning set forth in Section 5.15 hereof.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's (or its equivalent under any successor rating categories of Moody's) and BBB- by S&P (or its equivalent under any successor rating categories of S&P).

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees (other than Guarantees of Indebtedness of the Borrower or any of its Restricted Subsidiaries to the extent permitted by Section 5.04 hereof)), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and excluding trade payables of the Borrower and its Subsidiaries arising in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; provided that all transfers of assets (other than immaterial assets and goods and services provided in the ordinary course of business on arms' length terms or goods and services acquired pursuant to a construction or similar contract in which the Borrower or another Restricted Subsidiary is acting as contractor or in a similar capacity for a project entered into on arms' length terms in the ordinary course of business) by the Borrower and its other Restricted Subsidiaries to a Project Finance Subsidiary or an International Project Finance Subsidiary on or after the date hereof will be deemed to be an Investment by the Borrower or such Restricted Subsidiary in an amount equal to the Fair Market Value thereof. If the Borrower or any Subsidiary of the Borrower sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Borrower such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Borrower, the Borrower will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in paragraph (c) of Section 5.03 hereof. The acquisition by the Borrower or any Subsidiary of the Borrower of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Borrower or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person in an amount determined as provided in paragraph (c) of Section 5.03 hereof. Except as otherwise provided in this Agreement, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

"Issuing Bank" means each Initial Issuing Bank or any Eligible Assignee to which a portion of the Letter of Credit Commitment hereunder has been assigned pursuant to Section 9.06 so long as such Eligible Assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Applicable Lending Office (which information shall be recorded by the Agent in the Register), for so long as such Initial Issuing Bank or Eligible Assignee, as the case may be, shall have a Letter of Credit Commitment.

"L/C Related Documents" has the meaning specified in Section 2.05(b)(i).

"Lenders" means, collectively, the Initial Lenders, the Initial Issuing Banks and each Person that shall become a party hereto pursuant to Section 9.06.

"Letter of Credit" has the meaning specified in Section 2.01(b).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit Commitment" means, with respect to each Initial Issuing Bank, the Dollar amount set forth opposite such Initial Issuing Bank's name on the signature pages hereto under the caption "Letter of Credit Commitment" or, if such Issuing Bank has entered into one or more Assignment and Acceptances, the Dollar amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 9.06(d) as such Issuing Bank's "Letter of Credit Commitment", in either case as such Dollar amount is reduced pursuant to Sections 5.07 or 5.14.

"Letter of Credit Facility" means, at any time, an amount equal to the least of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments at such time, (b) $400,000,000 and (c) the aggregate amount of the Revolving Credit Commitments.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender or any other Person under this Agreement, any Note or in connection with any Letter of Credit or (c) the ability of the Borrower to perform its obligations under this Agreement, any Note or in connection with any Letter of Credit.

"Material Indebtedness" means Indebtedness of the Borrower or its Restricted Subsidiaries for borrowed money in an aggregate principal amount in excess of $100,000,000 (at the applicable date of determination thereof).

"Moody's" means Moody's Investors Service, Inc. and its successors.

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

"Multiple Employer Plan" means an employee benefit plan, other than a Multiemployer Plan, subject to Title IV of ERISA to which the Borrower, any Subsidiary or any ERISA Affiliate and more than one employer other than the Borrower, any Subsidiary or an ERISA Affiliate is making or accruing an obligation to make contributions, has within any of the preceding five plan years made or accrued an obligation to make contributions or, in the event that any such plan has been terminated, to

which the Borrower, any Subsidiary or any ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (a) any Asset Sale or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries;

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss; and

(3) non-cash asset write-downs or write-ups with respect to reserves in respect of Oil and Gas Properties.

"Net Proceeds" means the aggregate cash proceeds received by the Borrower or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of, in each case as reasonably established by the Borrower in good faith, (a) the costs or expenses (including, without limitation, severance costs) relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (b) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale or which must by its terms, or in order to obtain a necessary consent to such Asset Sale or by applicable law, be repaid out of the proceeds of such Asset Sale and (c) any reserve or provision for adjustment in respect of the sale price of such asset or assets or costs of such Asset Sale.

"New RMT Loan" means the Term Loan Agreement dated as of May 30, 2003 among Williams Production Holdings LLC, Williams Production RMT Company, as borrower, the "Lenders", "Arrangers", "Co-Syndication Agents" and "Documentation Agent" referred to therein, and Lehman Commercial Paper Inc., as Administrative Agent, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and as the same may further be amended, modified, renewed, refunded, replaced or refinanced from time to time.

"Non-Recourse Indebtedness" means Indebtedness:

(1) for which neither the Borrower nor any Restricted Subsidiary of the Borrower (other than (i) the relevant Project Finance Subsidiary or International Project Finance Subsidiary, in the case of Indebtedness satisfying the requirements of clause (3) of this definition and (ii) any pledge of Capital Stock of the relevant Project Finance Subsidiary or International Project Finance Subsidiary, or any other Lien permitted by clause (20) of the definition of Permitted Liens) is liable as borrower or guarantor (including pursuant to any agreement to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness, or to keep-well, maintain financial statement conditions of or purchase assets, goods, securities or services of such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, for purposes of assuring payment in whole or in part of such Indebtedness or interest thereon, other than any contract entered into in the ordinary course of business on arms' length terms so long as

the obligations of the Borrower and its Restricted Subsidiaries under all such contracts related to any such Indebtedness do not represent a majority of the contractual obligations related to such Indebtedness);

(2) no default with respect to which would permit (upon notice, lapse of time or otherwise) any holder of other Material Indebtedness (other than of the relevant Project Finance Subsidiary or International Project Finance Subsidiary) other than any Indebtedness outstanding on the date hereof of the Borrower or any Restricted Subsidiary of the Borrower to declare a default on that other Material Indebtedness other than any Indebtedness outstanding on the date hereof or cause payment thereon to be accelerated or payable prior to its Stated Maturity;

(3) in the case of Indebtedness of a Project Finance Subsidiary or International Project Finance Subsidiary,

(a) which is incurred by such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, in order to (i) finance the costs associated with the acquisition, construction, development and operation of fixed assets and related assets by such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, from a Person other than the Borrower and its Restricted Subsidiaries (other than immaterial assets, goods and services provided in the ordinary course of business on arms' length terms or goods and services acquired pursuant to a construction or similar contract in which the Borrower or another Restricted Subsidiary is acting as contractor or in a similar capacity for a project entered into on arms' length terms in the ordinary course of business) or (ii) refinance in whole or in part Indebtedness satisfying the requirements of clause (i), Indebtedness incurred to refinance such Indebtedness or Specified Project Finance Investments in such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, and

(b) for which the lenders or holders thereof agree that they will look for payment solely to (i) the assets (and income and proceeds therefrom) acquired, developed or constructed with the proceeds of such Indebtedness or Specified Project Finance Investments in such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be or (ii) Capital Stock of such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be.

Notwithstanding anything to the contrary above, the Indebtedness of any International Project Finance Subsidiary specified in clause (a) of the definition thereof, or any Subsidiary thereof, outstanding on the date hereof pursuant to the terms in effect on the date hereof (or any subsequent amendment thereto that does not materially increase the actual or potential liability of the Borrower or any Restricted Subsidiary (except such International Project Finance Subsidiary or its Subsidiaries)), shall be deemed to be "Non-Recourse Indebtedness".

"Note" means a Revolving Credit Note.

"Notice Lenders" means at any time Lenders owed at least 25% in interest of the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least 25% in interest of the Revolving Credit Commitments.

"Notice of Issuance" has the meaning specified in Section 2.03(a).

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

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officers' Certificate" means a certificate signed by any of the Chairman of the Board, the President, a Vice President, the Controller, the Treasurer of the Borrower or the Assistant Treasurer and delivered by or on behalf of the Borrower. Each such certificate shall include the statements provided for in Section 9.15, unless otherwise provided.

"Oil and Gas Agreements" means operating agreements, processing agreements, farm-out and farm-in agreements, development agreements, area of mutual interest agreements, contracts for the gathering and/or transportation of oil and natural gas, unitization agreements, pooling arrangements, joint bidding agreements, joint venture agreements, participation agreements, surface use agreements, service contracts, tax credit agreements, leases and subleases of Oil and Gas Properties or other similar customary agreements, transactions, properties, interests or arrangements, howsoever designated, in each case made or entered into in the ordinary course of business as conducted by the Borrower and its Restricted Subsidiaries.

"Oil and Gas Business" means (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" means (a) Hydrocarbon Interests; (b) the Property now or hereafter pooled or unitized with Hydrocarbon Interests; (c) 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.

"Opinion of Counsel" means an opinion in writing signed by legal counsel who may be an employee of or counsel to the Borrower and who shall be reasonably satisfactory to the Agent. Each such opinion shall include the applicable statements, if any, provided for in Section 9.15, unless otherwise provided.

"Original Currency" has the meaning specified in Section 9.12(a).

"Other Currency" has the meaning specified in Section 9.12(a).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Business" means the lines of business conducted by the Borrower and its Restricted Subsidiaries on the date hereof and any business incidental or reasonably related thereto or which is a reasonable extension thereof and any business of providing services and products in the energy market and any business incidental or reasonably related thereto.

"Permitted Investments" means:

(1) any Investment in the Borrower or in a Restricted Subsidiary of the Borrower other than a Project Finance Subsidiary or an International Project Finance Subsidiary;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Borrower or any Subsidiary of the Borrower in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Borrower, or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary of the Borrower;

(4) any Investment made as a result of the receipt of non-cash consideration from any Asset Sale that was made pursuant to and in compliance with Section 5.14 hereof, or any non-cash consideration received in a transaction that was excluded from the definition of Asset Sale pursuant to clause (1) or (4) (for the sale or lease of equipment) pursuant to the second paragraph of such definition;

(5) any Investment in any Person to the extent in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Borrower;

(6) any purchase or other acquisition of senior debt of the Borrower or any Restricted Subsidiary (other than Indebtedness of the Borrower that is subordinated in right of payment to the Indebtedness created by this Agreement);

(7) any Investments received in compromise of obligations of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;

(8) Hedging Obligations incurred not for speculative purposes;

(9) Investments in a Securitization Subsidiary that are necessary or desirable to effect any Permitted Receivables Financing;

(10) Investments by the Borrower or any Restricted Subsidiary in the Discovery, Gulfstream, Aux Sable, Accroven, Cardinal, Pine Needle, Georgia Strait Crossing Project and other similar joint ventures existing on the date hereof in an aggregate amount for each such joint venture (exclusive of equity Investments therein existing on the date hereof) not in excess of the Borrower's direct or indirect equity percentage interest of the total Indebtedness of such joint venture on the date hereof, together with, in the case of Gulfstream, such percentage interest of additional Indebtedness incurred in accordance with expansions thereof that have been publicly announced prior to the date hereof;

(11) Investments by the Borrower or any Restricted Subsidiary in joint ventures and in Project Finance Subsidiaries operating primarily in a Permitted Business in an amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value) which, taken together with the amount of all other Investments made after the date hereof in reliance on this clause (11), does not exceed 10% of Consolidated Net Tangible Assets at any one time outstanding;

(12) reclassification of any Investment initially by the Borrower or any Restricted Subsidiary in the form of equity as a loan or advance, and reclassification of any Investment initially made in the form of a loan or advance as equity; provided in each case that the amount of such Investment is not increased thereby;

(13) Investments in any Person by the Borrower or any Restricted Subsidiary after the date hereof in reliance on this clause (13) in an amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value) which, taken together with all other Investments made pursuant to this clause (13), does not exceed $150 million at any one time outstanding;

(14) loans and advances to employees in the ordinary course of business of the Borrower or its Restricted Subsidiaries as presently conducted, when taken together with all other loans and advances made pursuant to this clause that are at the time outstanding not to exceed $10 million;

(15) Investments made by the Borrower or any Restricted Subsidiary of the Borrower in International Project Finance Subsidiaries for the purposes of any Specified International Projects in accordance with applicable laws in an amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value) which, taken together with all other Investments made after the date hereof in reliance on this clause (15), does not exceed $150 million plus the amount of cash return on Investments in such Specified International Projects received by the Borrower and its Restricted Subsidiaries since the date hereof; and

(16) Investments by a Project Finance Subsidiary and its Subsidiaries or an International Project Finance Subsidiary and its Subsidiaries in each other.

"Permitted Liens" means:

(1) Liens of the Borrower and any Restricted Subsidiary securing any Credit Facility to the extent permitted by the terms of this Agreement to be incurred and all Obligations and Hedging Obligations relating to such Indebtedness (but excluding any Credit Facility with any Subsidiary or other Affiliate of the Borrower, as lender);

(2) Liens (i) in favor of the Borrower, or (ii) on property of a Restricted Subsidiary in favor of another Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with or acquired by the Borrower or any Restricted Subsidiary of the Borrower or renewals or replacement of such Liens in connection with the incurrence of Permitted Refinancing Indebtedness to refinance Indebtedness secured by such Liens; provided that such Liens were in existence prior to the contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition of the property by the Borrower or any Restricted Subsidiary of the Borrower or renewals or replacement of such Liens in connection with the incurrence of Permitted Refinancing Indebtedness to refinance Indebtedness secured by such Liens; provided that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of tenders, bids, statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) (x) permitted by clause (iv) of paragraph (b) of Section 5.04 hereof covering only the assets acquired with such Indebtedness or similar assets acquired in connection with the incurrence of such Permitted Refinancing Indebtedness or (y) permitted by clause (v) of such paragraph, to the extent that such Permitted Refinancing Indebtedness is in respect of Indebtedness initially incurred under clause (4) (whether or not subsequently incurred as Permitted Refinancing Indebtedness);

(7) Liens existing on the date hereof;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens on assets of Unrestricted Subsidiaries;

(10) Liens on accounts receivable and related assets and proceeds thereof arising in connection with a Permitted Receivables Financing;

(11) Liens arising under Oil and Gas Agreements;

(12) any mortgage which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by the Borrower or one of its Restricted Subsidiaries, including any interest of the character commonly referred to as a "production payment";

(13) any mortgage created or assumed by a Restricted Subsidiary on oil, gas, coal or other mineral or timber property, owned or leased by a Restricted Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither the Borrower

nor any other Subsidiary shall assume or guarantee such loans or otherwise be liable in respect thereto;

(14) Liens granted in cash collateral to support the issuance of letters of credit in an aggregate face amount not exceeding $100 million;

(15) Liens pursuant to master netting agreements entered into in the ordinary course of business in connection with Hedging Obligations;

(16) Liens with respect to Indebtedness and other obligations that at the time of incurrence do not exceed in the aggregate for all such obligations under this clause (16) 15% of the Consolidated Net Tangible Assets of the Borrower;

(17) Liens with respect to Permitted Refinancing Indebtedness incurred to refinance any Indebtedness of the Borrower or its Restricted Subsidiaries which has been secured by Liens permitted under Section 5.05; provided that such Liens do not extend to any property other than the property securing the Indebtedness refinanced by the Permitted Refinancing Indebtedness;

(18) Liens securing Non-Recourse Indebtedness of a Project Finance Subsidiary on the assets (and the income and proceeds therefrom) acquired, developed, operated and/or constructed with the proceeds of (a) such Non-Recourse Indebtedness or Specified Project Finance Investments in such Project Finance Subsidiary or (b) Non-Recourse Indebtedness or Investments referred to in clause (a) refinanced in whole or in part by such Non-Recourse Indebtedness;

(19) Liens securing Non-Recourse Indebtedness of any International Project Finance Subsidiary incurred in connection with any Specified International Project on the assets (and the income and proceeds therefrom) acquired, developed, operated and/or constructed with the proceeds of (a) such Non-Recourse Indebtedness or Specified Project Finance Investments in such International Project Finance Subsidiary or (b) Non-Recourse Indebtedness or Investments referred to in clause (a) refinanced in whole or in part by such Non-Recourse Indebtedness; and

(20) Liens on the Investments held by the Borrower and its Restricted Subsidiaries in a joint venture (other than a Restricted Subsidiary of the Borrower) securing Indebtedness and other obligations of such joint venture, or a Project Finance Subsidiary, Unrestricted Subsidiary or an International Project Finance Subsidiary securing Non-Recourse Indebtedness of such Project Finance Subsidiary, Unrestricted Subsidiary or International Project Finance Subsidiary, as the case may be.

"Permitted Receivables Financing" means any receivables financing facility or arrangement pursuant to which a Securitization Subsidiary purchases or otherwise acquires accounts receivable of the Borrower or any Restricted Subsidiaries and enters into a third party financing thereof on terms that the Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower has concluded are customary and market terms fair to the Borrower and its Restricted Subsidiaries.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Borrower or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Borrower or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith) and any premiums paid on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded;

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to this Agreement, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, this Agreement on terms at least as favorable to the Lenders, taken as a whole, as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred by none of the Borrower or any of its Subsidiaries other than the Borrower and the Subsidiaries who are the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

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

"Plan" means an employee benefit plan, other than a Multiemployer Plan, (a) which is maintained for employees of the Borrower, any Subsidiary or any ERISA Affiliate and which is subject to Section 302 or Title IV of ERISA or Section 412 of the Code or (b) with respect to which the Borrower, any Subsidiary or any ERISA Affiliate could be subjected to any liability under Section 302 or Title IV of ERISA (including Section 4069 of ERISA) or Section 412 of the Code. Without limitation on the foregoing, the term "Plan" includes any employee benefit plan for which the Borrower or any of its Subsidiaries or any ERISA Affiliate may have any liability arising from the joint and several liability provisions of Section 302 or Title IV of ERISA or Section 412 of the Code or from the maintenance or participation in any such plan by the Borrower or any of its Subsidiaries or any ERISA Affiliate, as a result of the Borrower or any of its Subsidiaries or any ERISA Affiliate being the successor in interest to any person maintaining or participating in any such plan or otherwise.

"Power Portfolio Disposition Transaction" means the sale, buyout, liquidation or material restructuring, not in the ordinary course of business, of a tolling or full requirements structured transaction in existence on the date hereof, and associated Hedging Obligations; provided that in the good faith belief of an executive officer of the Borrower, such sale, buyout, liquidation or restructuring is consistent with the effort to reduce the risk profile and overall financial commitment of the Borrower's Power business.

"Project Finance Subsidiary" means (a) any Restricted Subsidiary (other than an International Project Finance Subsidiary) of the Borrower created after the date hereof in order to acquire, construct, develop and/or operate fixed assets and related assets to be used in a Permitted Business:

(1) which is designated as a Project Finance Subsidiary by the Borrower's Board of

Directors, the Chief Financial Officer or any other senior financial officer of the Borrower,

(2) the Indebtedness of which (and of its Subsidiaries) is solely Non-Recourse Indebtedness, and

(3) all Investments by the Borrower or its Restricted Subsidiaries in such Project Finance Subsidiary and its Subsidiaries on or prior to the date of such designation, measured on the date each such Investment was made and without giving effect to subsequent changes in value, (less the amount of cash return on such Investments received by the Borrower or its other Restricted Subsidiaries on or prior to such date) are deemed to be made at the time of such designation and qualify at the time of such designation as Specified Project Finance Investments;

and (b) each Restricted Subsidiary of the Borrower that is a Subsidiary of such Project Finance Subsidiary.

"Property" means 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.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of (a) a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time (or, if the Revolving Credit Commitments shall have been reduced in full, such Lender's Revolving Credit Commitment as in effect immediately prior to such reduction) and the denominator of which is the aggregate amount of all Revolving Credit Commitments at such time (or, if the Revolving Credit Commitments shall have been reduced in full, the aggregate amount of all Revolving Credit Commitments as in effect immediately prior to such reduction) and (b) such amount.

"Qualifying Expansion Project" means any capital expansion project that has increased or will increase the physical capacity of the pipeline system of the Borrower and its Restricted Subsidiaries; provided that such project has been completed and the assets are in service at, or the Borrower reasonably believes that the in-service date of the project will be within eighteen months after, the Calculation Date.

"Qualifying Expansion Project Amounts" means with respect to any calculation of pro forma amounts under the Fixed Charge Coverage Ratio additional revenues (if any) and related expenses for any Qualifying Expansion Project for the portion of the four-quarter period prior to the in-service date of such Qualifying Expansion Project (the "Estimation Period"); provided that revenues and related expenses anticipated from any Qualifying Expansion Project during any Estimation Period shall be included in such calculation only to the extent (1) of the portion of the capacity of such Qualifying Expansion Project that is committed under a long-term firm transportation contract on customary terms (as determined in good faith by the Borrower) with a counterparty that has an Investment Grade Rating of its long-term debt from at least one of S&P and Moody's and (2) the aggregate amount of Qualifying Expansion Project Amounts for all Qualifying Expansion Projects included in any such calculation does not exceed 25% of the aggregate revenues of the Borrower and its Restricted Subsidiaries for such period, determined for this purpose on a pro forma basis but before inclusion of any Qualifying Expansion Project Amounts.

"Rating Agency" means each of S&P and Moody's, or if S&P or Moody's or both shall not make a rating on the Specified Security publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Borrower, which shall be substituted for S&P or Moody's, or both, as the case may be.

"Reference Banks" means Citibank, Deutsche Bank AG, J.P. Morgan Chase & Co. and Bank of America, N.A.

"Register" has the meaning specified in Section 9.06(d).

"Related Interest Rate or Currency Hedge" means any Hedging Obligation entered into by the Borrower and/or any of its Restricted Subsidiaries of the type referred to in items (1) or (2) of the definition thereof, and provided that such Hedging Obligation was entered into with respect to other Indebtedness of the Borrower and/or its Restricted Subsidiaries to protect against fluctuations in interest rates or currency exchange rates with respect to such other Indebtedness.

"Required Lenders" means at any time Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Revolving Credit Commitments.

"Restricted Event" has the meaning specified in Section 8.01.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Revolving Credit Advance" means an advance by a Lender to the Borrower (i) as part of a Revolving Credit Borrowing, (ii) in connection with a Letter of Credit or (iii) in connection with the Conversion of a Eurodollar Rate Advance or a Base Rate Advance into a Fixed Rate Advance, and refers to a Base Rate Advance, a Eurodollar Rate Advance or a Fixed Rate Advance (each of which shall be a "Type" of Revolving Credit Advance).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Revolving Credit Commitment" means, with respect to any Lender at any time, (a) the Dollar amount set forth opposite such Lender's name on the signature pages hereto under the caption "Revolving Credit Commitment" or (b) if such Lender has entered into one or more Assignment and Acceptances, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.06(d) as such Lender's "Revolving Credit Commitment", in either case as such Dollar amount is reduced pursuant to Sections 5.07 or 5.14.

"Revolving Credit Note" means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.14 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

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

"Sale and Leaseback Transaction" means any arrangement with any Person (other than the Borrower or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing that would at such time be required to be capitalized on a balance sheet in accordance with GAAP, to the Borrower or a Restricted Subsidiary of any property or asset which has been or is to be sold or transferred

by the Borrower or such Restricted Subsidiary to such Person or to any other Person (other than the Borrower or a Restricted Subsidiary), to which funds have been or are to be advanced by such Person.

"Secured Credit Agreement" means the Credit Agreement dated June 6, 2003 by and among the Borrower, Northwest Pipeline Corporation and Transcontinental Gas Pipe Line Corporation as Borrowers and the banks named therein as Banks, the "Issuing Banks", "Co-Lead Arrangers" and other parties referred to therein, and Citicorp USA, Inc., as Agent and Collateral Agent, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, replaced or refinanced from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

"Securitization Subsidiary" means a Subsidiary of the Borrower

(1) that is designated a "Securitization Subsidiary" by the Borrower's Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower,

(2) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Permitted Receivables Financings and any activity necessary, incidental or related thereto,

(3) no portion of the Indebtedness or any other obligation, contingent or otherwise, of which

(a) is Guaranteed by the Borrower or any Restricted Subsidiary of the Borrower,

(b) is recourse to or obligates the Borrower or any Restricted Subsidiary of the Borrower in any way, or

(c) subjects any property or asset of the Borrower or any Restricted Subsidiary of the Borrower (other than any Capital Stock of such Securitization Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof, and

(4) with respect to which neither the Borrower nor any Restricted Subsidiary of the Borrower (other than an Unrestricted Subsidiary) has any obligation to maintain or preserve such its financial condition or cause it to achieve certain levels of operating results

other than, in respect of clauses (3) and (4), pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Permitted Receivables Financing.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article I, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Specified International Project" means the businesses, projects and other activities of the Borrower or any of its Subsidiaries in South America as of the date hereof and any reasonably related or incidental businesses, projects and other activities thereto.

"Specified Project Finance Investments" means:

(1) in respect of a Project Finance Subsidiary, Investments made by the Borrower and its other Restricted Subsidiaries in such Project Finance Subsidiary as Restricted Investments in

accordance with Section 5.03 or as Permitted Investments (other than pursuant to clause (1) of the definition thereof), and

(2) in the case of an International Project Finance Subsidiary, Investments made by the Borrower and its other Restricted Subsidiaries in such International Project Finance Subsidiary: (a) as Restricted Investments in accordance with Section 5.03, (b) as Permitted Investments (other than pursuant to clause (1) of the definition thereof), or (c) in the case of an International Project Finance Subsidiary specified in clause (a) of the definition thereof, prior to the date hereof.

"Specified Security" means, as of any date of determination, the security issued by the Borrower determined as follows: (a) the 8.625% Notes due June 1, 2010 or (b) if such security is no longer outstanding, the Borrower security outstanding and rated by both Rating Agencies as of such date with the lowest rating from either Rating Agency from the following list: the 7.625% Notes due July 15, 2019, the 7.875% Notes due September 1, 2021, the 7.5% Notes due January 15, 2031 or the 8.75% Notes due March 15, 2032 or (c) if none of such securities are outstanding or none are rated by both Rating Agencies, the senior unsecured debt rating of the Borrower.

"Stated Maturity" means, with respect to any installment of interest or principal on any Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness (as amended, modified or supplemented from time to time other than any change which makes earlier the date of any such payment made in contemplation of any such payment or the refinancing of such Indebtedness in whole or in part), and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any specified Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership (1) the sole general partner or the sole managing general partner of which is such Person or a Subsidiary of such Person or (2) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Telerate Page" means, as applicable, page 3750 (or any successor pages, respectively) of the Telerate Service of Moneyline Telerate (or any successor).

"Termination Date" means the earlier of (a) April 15, 2009 and (b) the date the Agent declares Advances to be accelerated pursuant to Section 6.01.

"Treasury Rate" means the yield to maturity (calculated on a semi-annual bond-equivalent basis) at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.15 (519), which has become publicly available at least two Business Days prior to the date of the related acceleration or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining period until the date specified in clause (a) of the definition of Termination Date (the "Remaining Period"); provided that if the Remaining Period expressed as a number of years (calculated to the nearest one-twelfth) is not equal to the constant maturity

of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if such Remaining Period is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Type" has the meaning specified in the definition of Revolving Credit Advance.

"Underfunding" means, with respect to any Plan, the excess, if any, of the "accumulated benefit obligations" (within the meaning of Statement of Financial Accounting Standards 87) under such Plan (determined using the actuarial assumptions and discount rate used with respect to such Plan in the most recent financial statements of the Borrower) over the fair market value of the assets held under the Plan.

"Unissued Letter of Credit Commitment" means, with respect to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit at the request of the Borrower in an amount equal to the excess of (a) the amount of its Letter of Credit Commitment over (b) the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

"Unrestricted Subsidiary" means (1) any Securitization Subsidiary or (2) any Subsidiary of the Borrower that is designated by the Board of Directors of the Borrower as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary under this clause (2):

(1) has no Indebtedness other than Non-Recourse Indebtedness;

(2) is not party to any agreement, contract, arrangement or understanding with the Borrower or any Restricted Subsidiary of the Borrower unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Borrower or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Borrower;

(3) is a Person with respect to which neither the Borrower nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Borrower or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Borrower as an Unrestricted Subsidiary will be evidenced to the Agent by filing with the Agent the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 5.03 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Agreement and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Borrower as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 5.04 hereof, the Borrower will be in default thereunder. The Board of Directors of the Borrower may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Borrower of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is

permitted under Section 5.04 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"Unused Commitment" means, with respect to each Lender at any time, (a) the amount of such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all the Letters of Credit outstanding at such time and (B) the aggregate principal amount of all Revolving Credit Advances made by each Issuing Bank pursuant to Section 2.03(c) that have not been ratably funded by such Lender and outstanding at such time.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

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

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 mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed, and all financial computations and determinations pursuant hereto shall be made, in accordance with GAAP consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Revolving Credit Advances and Letters of Credit. (a) Revolving Credit Advances. Without limiting each Lender's obligation to make a Revolving Credit Advance pursuant to Section 2.03(c), each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Commitment Termination Date in an aggregate amount not to exceed at any time such Lender's Unused Commitment at such time. Each Revolving Credit Borrowing, other than a Revolving Credit Advance pursuant to Section 2.03(c), 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 Revolving Credit Advances of the same Type (but limited to a Base Rate Advance or a Eurodollar Rate Advance) made on the same day by the Lenders ratably according to their respective

Revolving Credit Commitments; provided, however, that if there is no unused portion of the Revolving Credit Commitment of one or more Lenders at the time of any requested Revolving Credit Borrowing such Borrowing shall consist of Revolving Credit Advances made on the same day by the Lender or Lenders who do then have an Unused Commitment ratably according to the aggregate Unused Commitments. Within the limits of each Lender's Revolving Credit Commitment, the Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.09 and reborrow under this Section 2.01(a).

(b) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (each, a "Letter of Credit") for the account of the Borrower from time to time on any Business Day during the period from the Effective Date until the Commitment Termination Date (i) in an aggregate Available Amount for all Letters of Credit issued by all Issuing Banks not to exceed at any time the Letter of Credit Facility at such time, (ii) in an amount for each Issuing Bank not to exceed the amount of such Issuing Bank's Letter of Credit Commitment at such time and (iii) in an amount for each such Letter of Credit not to exceed an amount equal to the Unused Commitments of the Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the Borrower or the beneficiary to require renewal) later than 10 Business Days prior to the date specified in clause (a) of the definition of Termination Date. Within the limits referred to above, the Borrower may request the issuance of Letters of Credit under this Section 2.01(b), repay pursuant to Section 2.09 any Revolving Credit Advances resulting from drawings thereunder pursuant to Section 2.03(c) and request the issuance of additional Letters of Credit under this Section 2.01(b). The terms "issue", "issued", "issuance" and all similar terms, when applied to a Letter of Credit, shall include any increase, renewal, extension or amendment thereof.

SECTION 2.02. Making the Revolving Credit Advances. (a) Each Revolving Credit Borrowing shall be made on notice, given not later than (x) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances or (y) 10:00 A.M. (New York City time) on the Business Day of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier or telex in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Advances comprising such Revolving Credit Borrowing (but limited to a Base Rate Advance or a Eurodollar Rate Advance), (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such Revolving Credit Borrowing make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion (as determined in accordance with Section 2.01(a)) of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 9.01.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any proposed Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than $5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.07 or 2.11 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than six separate Revolving Credit Borrowings.

(c) Each Notice of Revolving Credit Borrowing of the Borrower shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure by the Borrower to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit 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 Lender to fund the Revolving Credit Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Revolving Credit Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Revolving Credit Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Revolving Credit Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Revolving Credit Advances comprising such Revolving Credit Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing for purposes of this Agreement.

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

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by the Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent, prompt notice thereof by telex, telecopier or cable. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telex, telecopier or cable, confirmed promptly in writing, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) expiration date of such Letter of Credit (which shall not be later than 10 Business Days prior to the date specified in clause (a) of the definition of Termination Date), (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as such Issuing Bank may reasonably specify to the Borrower for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If the beneficiary and requested form of such Letter of Credit is acceptable to such Issuing Bank in its sole discretion (it being agreed that a Letter of Credit substantially in the form set forth in Exhibit E hereto (as modified by an Issuing Bank in its reasonable discretion to account for any change in any regulatory or legal restriction applicable to such Issuing Bank or for any internal policy, procedure or guideline of such Issuing Bank or its affiliates generally applicable to the issuance of letters of credit) is acceptable in form to all Initial Issuing Banks), such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower at its office referred to in Section 9.01

or as otherwise agreed with the Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the Available Amount of such Letter of Credit. The Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Pro Rata Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the Borrower on the date made, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Pro Rata Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is assigned in accordance with Section 9.06, reduced in accordance with Sections 5.07 or 5.14 or otherwise amended pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by such Issuing Bank of a Revolving Credit Advance, which shall be a Base Rate Advance, in the amount of such draft. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent, each Lender shall pay to the Agent such Lender's Pro Rata Share of such outstanding Revolving Credit Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Issuing Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Revolving Credit Advance to be funded by such Lender. Each Lender acknowledges and agrees that its obligation to make Revolving Credit Advances pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Pro Rata Share of an outstanding Revolving Credit Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Revolving Credit Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Revolving Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Revolving Credit Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (A) to each Lender and the Agent on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit during the preceding month and drawings during such month under all Letters of Credit and (B) to the Agent and each Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit. Each Issuing Bank shall provide the reports described in clauses (A) and (B) above to the Borrower upon the Borrower's request.

(e) Failure to Make Revolving Credit Advances. The failure of any Lender to make the Revolving Credit Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Revolving Credit Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Advance to be made by such other Lender on such date.

SECTION 2.04. Fees. (a) Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee (the "Facility Fee") (nonrefundable under any circumstances), payable semi-annually in arrears, on the aggregate amount of such Lender's Revolving Credit Commitment from the Effective Date until the date specified in clause (a) of the definition of Termination Date (or, if later, the date of payment in full of all amounts payable hereunder (other than indemnities)), at a rate per annum equal to 3.18%; provided, however, that such Facility Fee shall cease to accrue upon payment in full of all amounts payable hereunder following the acceleration thereof under Section 6.01 due to an Event of Default unless such Event of Default occurred by reason of any willful action or inaction taken or not taken by or on behalf of the Borrower or its Subsidiaries with the intention of avoiding continued payment of the Facility Fee, in which case the present value of the Facility Fee that would otherwise accrue until the date specified in clause (a) of the definition of Termination Date, discounted at the Treasury Rate plus 50 basis points, as determined by the Agent, will become immediately due and payable to the extent permitted by law upon acceleration of the amounts payable hereunder. The Facility Fee shall accrue for each period from one Facility Fee Period End Date (or, in the case of the first such period, the Effective Date) to the next following Facility Fee Period End Date (or, in the case of any reduction in such Lender's Revolving Credit Commitment, to the date of such reduction) and shall be payable one Business Day before such following Facility Fee Period End Date (or, as applicable, before such date of reduction). The Facility Fee will continue to accrue on the amount by which the Revolving Credit Commitment is being reduced until payment in full of all amounts payable in respect of such reduction.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be separately agreed between the Borrower and the Agent.

(c) Initial Fee. The Borrower agrees to pay to the Agent for the account of each Lender an initial fee (nonrefundable under any circumstances) equal to 2% of the aggregate Revolving Credit Commitments, payable on or before the Effective Date.

(d) Additional Fees. The Borrower shall pay to Citibank for its own account such fees as may from time to time be separately agreed between the Borrower and Citibank.

SECTION 2.05. Repayment of Revolving Credit Advances. (a) The Borrower shall repay to the Agent for the ratable account of the Lenders, (i) on the Termination Date, the aggregate principal amount of the Revolving Credit Advances then outstanding and (ii) the aggregate principal amount of each Revolving Credit Advance made after the Termination Date as the result of a drawing under a Letter of Credit on the date of such advance (unless such drawing is reimbursed under the related Letter of Credit Agreement).

(b) The obligations of the Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by the Borrower is without prejudice to, and does not constitute a waiver of, any rights the Borrower might have or might acquire as a result of the payment by any Lender of any draft or the reimbursement by the Borrower thereof):

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of the Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.

SECTION 2.06. Interest on Revolving Credit Advances. (a) Scheduled Interest. The Borrower shall pay interest to the Agent for the ratable account of the Lenders on the unpaid principal amount of each Revolving Credit Advance owing to each Lender from the date of such Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Revolving Credit Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears monthly on the last day of each calendar month during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Revolving Credit Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving Credit Advance to the Eurodollar Rate for such Interest Period for such Revolving Credit Advance, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than one month, on each day that occurs during such Interest Period every month from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(iii) Fixed Rate Advances. During such periods as such Revolving Credit Advance is a Fixed Rate Advance, a rate per annum equal at all times to the Fixed Rate in effect from time to time, payable in arrears semi-annually on each Facility Fee Period End Date during such periods and on the date such Fixed Rate Advance shall be paid in full.

SECTION 2.07. Interest Rate Determination. (a) Each Reference Bank that is a party hereto agrees to furnish to the Agent timely information for the purpose of determining each Eurodollar Rate if the applicable Telerate Page is unavailable. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.06(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.06(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Agent that (i) they are unable to obtain matching deposits in the London interbank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective Revolving Credit Advances as part of such Borrowing during its Interest Period or (ii) the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, 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 obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (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 obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(f) If the Telerate Page is unavailable and fewer than two Reference Banks furnish timely information to the Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances,

(ii) with respect to Eurodollar Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(g) On the date the Agent declares the obligation of a Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated pursuant to Section 9.06(a), each Eurodollar Rate Advance and Base Rate Advance with respect to the assigned portion of this Agreement will automatically Convert into a Fixed Rate Advance.

SECTION 2.08. Optional Conversion of Revolving Credit Advances. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.07 and 2.11, Convert all Revolving Credit Advances of the Type of either a Eurodollar Rate Advance or a Base Rate Advance comprising the same Borrowing into Revolving Credit Advances of the other such Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.09. Prepayments of Revolving Credit Advances. Except as provided in Sections 5.07 or 5.14, the Borrower may, upon notice at least two Business Days' prior to the date of such prepayment, in the case of Eurodollar Rate Advances, and not later than 11:00 A.M. (New York City time) on the date of such prepayment, in the case of Base Rate Advances or Fixed Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof, (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.03(c) and (z) no prepayment may be made by the Borrower during the 25 days prior to and including the date specified in clause (a) of the definition of Termination Date.

SECTION 2.10. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), there shall be any increase in the cost to any Eligible Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding for purposes of this Section 2.10 any such increased costs resulting from (i) withholding taxes with respect to payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the law of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Eligible Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Eligible Lender additional amounts sufficient to compensate such Eligible Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Eligible Lender, shall be prima facie evidence of the amount of such additional amounts. No Eligible Lender shall have any right to recover any additional amounts under this Section 2.10(a) for any period more than 90 days prior to the date such Eligible Lender notifies the Borrower of any such amounts.

(b) If any Eligible Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational 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 Eligible Lender or any corporation controlling such Eligible Lender and that the amount of such capital is increased by or based upon the existence of such Eligible Lender's commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of this type or the issuance of or participation in the Letters of Credit (or similar contingent obligations), then, upon demand by such Eligible Lender on the Borrower accompanied by a certificate (which certificate shall specify in reasonable detail the nature of such change in capital requirements, the proposed (or actual) compliance change to be adopted by the applicable Eligible Lender and the calculation upon which any compensation is claimed hereunder) with a copy of such demand and certificate to the Agent, the Borrower shall pay to the Agent within five Business Days of receipt of demand for payment for the account of such Eligible Lender, from time to time as specified by such Eligible Lender, additional amounts sufficient to compensate such Eligible Lender or such corporation in the light of such circumstances, to the extent that such Eligible Lender reasonably determines such increase in capital to be allocable to the existence of such Eligible Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the Borrower and the Agent by such Eligible Lender shall be prima facie evidence of such amounts, absent manifest error. No Eligible Lender shall have any right to recover any additional amounts under this Section 2.10(b) for any period more than 90 days prior to the date such Eligible Lender notifies the Borrower of any such amounts.

(c) Before making any demand under this Section 2.10, each Eligible Lender 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 Eligible Lender, be otherwise disadvantageous to such Eligible Lender.

SECTION 2.11. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that

it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (a) each such Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance and (b) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.12. Payments and Computations. (a) The Borrower shall make each payment hereunder and under any Notes, without regard to existence of any counterclaim, set-off, defense or other right that the Borrower may have at any time against any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transaction contemplated in this Agreement or any Note or any unrelated transaction, not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest, or fees ratably (other than amounts payable pursuant to Sections 2.10 or 9.03(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.06(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under any Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the 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 all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees (other than the Facility Fee) shall be made by the Agent 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 fees are payable. All computations of the Facility Fee and interest based on the Fixed Rate shall be made by the Agent on the basis of a 360 day year with 12 months of 30 days each. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) 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 (except in the case of the Facility Fee and interest based on the Fixed Rate) be included in the computation of payment of interest or fee, as the case may be; provided, however, that, 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.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders 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 Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.13. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances owing to it (other than pursuant to Sections 2.10 or 9.03(c)) in excess of its Pro Rata Share of payments on account of the Revolving Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances owing to them 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, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's Pro Rata Share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.13 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 Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.14. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Revolving Credit Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Revolving Credit Advances. The Borrower agrees that upon request of any Lender to the Borrower (with a copy of such request to the Agent) to the effect that such Lender receive a Revolving Credit Note to evidence (whether for purposes of pledge, enforcement or otherwise) the Revolving Credit Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Revolving Credit Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 9.06(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.15. Use of Proceeds. The proceeds of the Advances and issuances of Letters of Credit shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries and consistent with Section 4.01(g).

SECTION 2.16. Additional Interest on Eurodollar Rate Advances. The Borrower shall pay to each Eligible Lender, so long as such Eligible Lender 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 Eligible Lender to the Borrower, from the date of such Eurodollar Rate 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 (a) the Eurodollar Rate for the Interest Period for such Eurodollar Rate Advance from (b) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Eligible Lender for such Interest Period, payable on each date on which interest is payable on such Eurodollar Rate Advance. Such additional interest shall be determined by such Eligible Lender and notified to the Borrower through the Agent. A certificate as to the amount of such additional interest submitted to the Borrower and the Agent by such Eligible Lender shall be conclusive and binding for all purposes, absent manifest error. No Eligible Lender shall have the right to recover any additional interest pursuant to this Section 2.16 for any period more than 90 days prior to the date such Eligible Lender notifies the Borrower that additional interest may be charged pursuant to this Section 2.16.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Sections 2.01 and 2.03. Sections 2.01 and 2.03 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since December 31, 2003, except as otherwise publicly disclosed prior to the date hereof.

(b) There shall exist no action, Environmental Action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect other than the matters described on Schedule 3.01(b) hereto (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby, and there shall have been no material adverse change in the status, or financial effect on the Borrower or on the Borrower and its Subsidiaries taken as a whole, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(c) Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Borrower's public filings under the Securities Exchange Act of 1934 were or have become misleading, incorrect or incomplete in any material respect; without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have reasonably requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not reasonably acceptable to the Lenders), except to the extent that the failure to do so would not have a Material Adverse Effect, and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(e) The Borrower shall have notified each Lender and the Agent in writing as to the proposed Effective Date.

(f) The Borrower shall have paid all accrued and unpaid reasonably incurred fees and expenses of the Agent and the Lenders (including the accrued and unpaid reasonably incurred fees and expenses of counsel to the Agent).

(g) On the Effective Date, the following statements shall be true and the Agent shall have received an Officer's Certificate, in sufficient copies for each Lender, signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date except where the failure for such representations and warranties to be correct would not have a Material Adverse Effect, and

(ii) No event has occurred and is continuing that constitutes a Default.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance reasonably satisfactory to the Agent and (except for the Revolving Credit Notes) in sufficient copies for each Lender:

(i) The Revolving Credit Notes to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.14.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary corporate action and governmental approvals (to the extent such documents are requested by any Lender), if any, with respect to this Agreement and such Notes.

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) A favorable opinion of James J. Bender, Esq., General Counsel to the Borrower and White & Case LLP, outside counsel for the Borrower, substantially in the form of Exhibits D-1 and D-2 hereto, respectively, and as to such other matters as any Lender through the Agent may reasonably request.

(v) Such other approvals, opinions or documents as any Lender, through the Agent, may reasonably request.

No information delivered by the Borrower pursuant to this Section 3.01 may be designated by the Borrower to be Confidential Information.

SECTION 3.02. Conditions Precedent to Each Revolving Credit Borrowing and Letter of Credit Issuance. The obligation of each Lender to make a Revolving Credit Advance (other than an Advance made by any Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Revolving Credit Borrowing and the obligation of each Issuing Bank to issue a Letter of Credit shall be subject to the following conditions precedent:

(a) That the Effective Date shall have occurred.

(b) On the date of such Revolving Credit Borrowing or issuance (and each of the giving of the applicable Notice of Revolving Credit Borrowing, Notice of Issuance and the acceptance by the

Borrower of the proceeds of such Revolving Credit Borrowing or Letter of Credit shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or such issuance such statements are true) no event has occurred and is continuing, or would result from such Revolving Credit Borrowing or issuance or from the application of the proceeds therefrom, that constitutes (i) a Default with respect to Sections 6.01(a), (b), (c), (g) or (h) or (ii) an Event of Default.

SECTION 3.03. Determinations Under Sections 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto in reasonable detail. The Agent shall promptly notify the Lenders and the Borrower of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the law of the State of Delaware.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not and will not contravene, or cause or constitute a violation of, any provision of law or regulation or any provision of the Borrower's charter or by-laws or result in the breach of, or constitute a default or require any consent under, or result in the creation of any lien, charge or encumbrance upon any of the properties, revenues, or assets of the Borrower pursuant to, any indenture or other material agreement or instrument to which the Borrower is a party or by which the Borrower or its property may be bound or affected.

(c) No authorization, consent, approval (including any exchange control approval), license or other action by, and no notice to or filing or registration with, any governmental authority, administrative agency or regulatory body or any other third party (including any creditor) is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes to be delivered by it.

(d) This Agreement has been, and each of the Notes to be delivered by it when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, moratorium and similar laws affecting creditors rights generally).

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2003, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended (together with the notes to the financial statements of the Borrower and its Consolidated Subsidiaries), accompanied by an opinion of Ernst & Young LLP,

independent public accountants, the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such date, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 2003, there has been no Material Adverse Change, except as otherwise publicly disclosed.

(f) There is no pending or, to the knowledge of the Borrower, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby, and there has been no material adverse change in the status, or financial effect on the Borrower or on the Borrower and its Subsidiaries taken as a whole, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(g) Neither the Borrower nor its Subsidiaries are 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 margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Following application of the proceeds of each Advance, not more than 25 percent of the value of the assets (either of the Borrower or of the Borrower and its relevant Subsidiaries on a Consolidated basis) subject to any of the covenants contained in Article V will be margin stock (within the meaning of Regulation U).

(h) The Borrower is not, and immediately after the application of the proceeds of each Borrowing, will not be, (i) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, or (ii) a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(i) Neither this Agreement nor any other document delivered by or on behalf of the Borrower or any of its Affiliates in connection with this Agreement or included therein contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The Borrower and each of its Subsidiaries and ERISA Affiliates have met their minimum funding requirements under ERISA with respect to their Plans in all material respects and have not incurred liability to the PBGC in an amount in excess of $100,000,000, individually or in aggregate, other than for the payment of premiums, in connection with such Plans.

(k) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan and no condition or event currently exists or currently is expected to occur that could result in any ERISA Event.

(l) The Schedules B (Actuarial Information) to the most recent annual reports (Form 5500 Series) with respect to each Plan, copies of which have been filed with the Internal Revenue Service (and which will be furnished to any Lender through the Agent upon the request of such Lender through the Agent to the Borrower), are complete and accurate in all material respects and fairly present in all material respects the funding status of such Plans at such date.

(m) No amendment with respect to which security is required under Section 401(a)(29) of the Code or Section 307 of ERISA has been made or is reasonably expected to be made to any Plan. The

aggregate Underfunding with respect to all Plans which have any Underfunding does not exceed $100,000,000.

(n) Neither the Borrower nor any of its Subsidiaries or ERISA Affiliates has incurred or reasonably expects to incur any Withdrawal Liability to any Multiemployer Plan in an amount in excess of $100,000,000, individually or in aggregate.

(o) Neither the Borrower nor any of its Subsidiaries or ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA. No Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in a reorganization or termination which might reasonably be expected to result in a liability of the Borrower or any of its Subsidiaries or ERISA Affiliates in an amount in excess of $100,000,000, individually or in aggregate.

(p) No default under any agreement or instrument evidencing any Indebtedness of the Borrower or any of its Subsidiaries has occurred and is continuing, and no such event will occur upon the occurrence of the Effective Date, other than any such default which could not be reasonably expected to have a Materially Adverse Effect.

(q) The operations and properties of the Borrower and its Subsidiaries taken as a whole comply in all material respects with all applicable Environmental Laws, all necessary Environmental Permits have been applied for or have been obtained and are in effect for the operations and properties of the Borrower and its Subsidiaries, and the Borrower and its Subsidiaries are in compliance in all material respects with all such Environmental Permits other than, in any such case, where any such failure could not be reasonably expected to have a Material Adverse Effect. Except as disclosed in Schedule 3.01(b), no circumstances exist that would be reasonably likely to form the basis of an Environmental Action against the Borrower or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Written Statement to Agent. The Borrower will deliver to the Agent on or before May 31 in each year (beginning with May 31, 2004) an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Borrower they would normally have knowledge of any default by the Borrower in the performance of any covenants contained in this Agreement, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof. At least one signatory to such Officers' Certificate shall be the principal executive officer, principal financial officer, Treasurer or principal accounting officer of the Borrower. No information delivered by the Borrower pursuant to this Section 5.01 may be designated by the Borrower to be Confidential Information.

SECTION 5.02. Commission Reports; Financial Statements. (a) Whether or not required by the Commission, the Borrower will furnish to the Agent (unless otherwise publicly available on or through the Commission's EDGAR system) within 30 days after the time periods specified in the Commission's rules and regulations:

(i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Borrower were

required to file such reports, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations", and, with respect to the annual information only, a report on the annual financial statements by the Borrower's certified independent accountants; and

(ii) all current reports that would be required to be filed with the Commission on Form 8-K if the Borrower were required to file such reports.

(b) If the Borrower has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by paragraph (a) will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Borrower and its Restricted Subsidiaries excluding in all respects the Unrestricted Subsidiaries of the Borrower.

(c) On request from the Agent, the Borrower shall provide the Agent with a sufficient number of copies of all reports and other documents and information that the Agent may be required to deliver to Lenders pursuant to this Agreement, if any are so required.

(d) Delivery of such reports, information and documents to the Agent is for informational purposes only and the Agent's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants or the other provisions hereunder (as to which the Agent is entitled to rely exclusively on Officers' Certificates).

(e) No information delivered by the Borrower pursuant to this Section 5.02 may be designated by the Borrower to be Confidential Information.

SECTION 5.03. Limitation On Restricted Payments. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Borrower's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Borrower or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Borrower's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Borrower or to the Borrower or a Restricted Subsidiary of the Borrower);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Borrower) any Equity Interests of the Borrower;

(iii) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Borrower that is subordinated in right of payment to the Indebtedness created by this Agreement, except a payment of principal at the Stated Maturity thereof; or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment, no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(v) The Borrower would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 5.04 hereof, and

(vi) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Borrower and its Restricted Subsidiaries after the date hereof (excluding Restricted Payments permitted by clauses (ii), (iii), (v) and (vii) of the next succeeding paragraph), is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of the Borrower for the period (taken as one accounting period) beginning with the first day of the fiscal quarter commencing July 1, 2004 and ending on the last day of the Borrower's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(2) 100% of the aggregate net cash proceeds received by the Borrower (including the Fair Market Value of any Permitted Business or assets used or useful in a Permitted Business to the extent acquired in consideration of Equity Interests of the Borrower (other than Disqualified Stock)) since June 23, 2003 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Borrower (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Borrower that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Restricted Subsidiary of the Borrower), plus

(3) to the extent that any Restricted Investment that was made after June 23, 2003 is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment, including, without limitation, repayment of principal of any Restricted Investment constituting a loan or advance (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment, plus

(4) to the extent that any Unrestricted Subsidiary of the Borrower is redesignated as a Restricted Subsidiary after the date hereof, the lesser of (i) the Fair Market Value of the Borrower's Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary.

(b) Notwithstanding the foregoing, the preceding provisions of this Section 5.03 shall not prohibit:

(i) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of this Agreement;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Borrower or of any Equity Interests of the Borrower in exchange for, or out of the net cash proceeds of, the substantially concurrent sale (other than to a Restricted Subsidiary of the Borrower) of Equity Interests of the Borrower (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (ii)(2) of the preceding paragraph;

(iii) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Borrower with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(iv) quarterly dividends paid pro rata on outstanding common stock of the Borrower in an amount of up to $0.05 per share, provided that (A) such per share amount shall be adjusted proportionately upon any reclassification, split, combination, special distribution of common stock to holders thereof or similar event such that (x) the per share amount multiplied by the number of such shares outstanding, in each case determined immediately before giving effect to such event is equal to (y) the per share amount multiplied by the number of such shares outstanding, in each case determined immediately after giving effect to such event and (B) in no event shall the aggregate quarterly amount payable pursuant to this clause exceed by 20% the aggregate quarterly amount that would be payable on all shares of common stock outstanding on the date hereof if a quarterly dividend payment of $0.05 per share were payable on the date hereof;

(v) the payment of any distribution, payment or dividend by a Restricted Subsidiary of the Borrower, on a pro rata basis to all holders or on a basis more favorable to the Borrower and its Restricted Subsidiary, to the holders of such Restricted Subsidiary's Equity Interests;

(vi) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or acquisition or retirement for value of any Equity Interests of the Borrower held by any member of the Borrower's (or any of its Restricted Subsidiaries') management pursuant to any management equity subscription agreement, stock option agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $25.0 million in any twelve-month period and provided, further that if the amount so paid in any calendar year is less than $25.0 million, such shortfall may be used to so repurchase, redeem, acquire or retire Equity Interests in either of the next two calendar years in addition to the $25.0 million that may otherwise be paid in each such calendar year;

(vii) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, any Investment made in exchange for, or out of the net cash proceeds of, a substantially concurrent offering of Equity Interests of the Borrower; provided that the amount of any such net cash proceeds will be excluded from clause (ii)(2) of the preceding paragraph; and

(viii) other Restricted Payments in an aggregate amount since the date hereof not to exceed $200 million.

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Borrower or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 5.03 will be determined, in the case of amounts greater than $50 million but less than $150 million, by an officer of the Borrower and, in the case of amounts of $150 million or more, by the Board of Directors of the Borrower.

SECTION 5.04. Limitation On Incurrence Of Indebtedness And Issuance Of Preferred Stock. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "incur") with respect to any Indebtedness (including Acquired Debt), and the Borrower will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Borrower and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or the Borrower may issue Disqualified Stock, if the Fixed Charge Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) Paragraph (a) of this Section 5.04 will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Borrower or any Restricted Subsidiary of Indebtedness and letters of credit under any Credit Facilities to which the Borrower or any Restricted Subsidiary is a party in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the undrawn face amount thereof) not to exceed $2.0 billion;

(ii) the incurrence by the Borrower and its Restricted Subsidiaries of the Existing Indebtedness;

(iii) the incurrence by the Borrower of Indebtedness under this Agreement;

(iv) the incurrence by the Borrower and any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Borrower or such Restricted Subsidiary, or Permitted Refinancing Indebtedness in respect of any Indebtedness incurred under this clause (iv) in an aggregate principal amount not to exceed $150 million at any time outstanding;

(v) the incurrence by the Borrower or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted to be incurred under paragraph (a) of this Section 5.04 or clauses (ii), (iii) or (v) of this paragraph (b);

(vi) the incurrence by the Borrower or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Borrower and any of its Restricted Subsidiaries; provided, however, that (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Borrower or a Restricted Subsidiary of the Borrower and (b) any sale or other transfer of any such Indebtedness to a Person that is not either the Borrower or a Restricted Subsidiary of the Borrower, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Borrower or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

(vii) the incurrence by the Borrower or any of its Subsidiaries of Hedging Obligations incurred not for speculative purposes;

(viii) the Guarantee by the Borrower of Indebtedness of any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this Section 5.04;

(ix) Indebtedness in respect of bankers acceptances, letters of credit and performance or surety bonds issued for the account of the Borrower or any of its Restricted Subsidiaries in the ordinary course of business in amounts and for the purposes customary in the Borrower's industry, in each case only to the extent that such incurrence does not result in the incurrence of any obligation to repay any borrowed money;

(x) Indebtedness arising from any agreement providing for indemnities, Guarantees, purchase price adjustments, holdbacks, contingency payment obligations based on the performance of the acquired or disposed assets or similar obligations (other than Guarantees of Indebtedness) incurred by any Person in connection with the acquisition or disposition of assets;

(xi) the incurrence by the Borrower or any of its Restricted Subsidiaries of Acquired Debt if the Fixed Charge Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of incurrence of Acquired Debt (the "Relevant Fixed Charge Coverage Ratio") determined immediately after giving effect to such incurrence and the related acquisition (including through a merger, consolidation or otherwise) is higher than the Relevant Fixed Charge Coverage Ratio determined immediately before giving effect to such incurrence and the related acquisition;

(xii) the incurrence by the Borrower or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (xii), not to exceed $500 million; and

(xiii) the incurrence of Non-Recourse Indebtedness by a Project Finance Subsidiary or International Project Finance Subsidiary; provided that if any Non-Recourse Indebtedness of a Project Finance Subsidiary or International Project Finance Subsidiary shall cease at any time to constitute Non-Recourse Indebtedness, such event will be deemed to constitute an incurrence of Indebtedness not covered by this clause (xiii).

(c) If any Non-Recourse Indebtedness of an Unrestricted Subsidiary shall at any time cease to constitute Non-Recourse Indebtedness or such Unrestricted Subsidiary shall be redesignated a Restricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary.

(d) For purposes of determining compliance with this Section 5.04:

(i) in the event that an item of proposed Indebtedness (including Acquired Debt) meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xiii) of paragraph (b) above, or is entitled to be incurred pursuant to paragraph (a) of this Section 5.04, the Borrower will be permitted to classify (or later classify or reclassify in whole or in part in its sole discretion) such item of Indebtedness in any manner that complies with this Section 5.04;

(ii) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 5.04; provided, in each such case, that, to the extent applicable, the amount thereof is included in the computation of Fixed Charges of the Borrower as accrued; and

(iii) for the purposes of determining compliance with any dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred.

SECTION 5.05. Limitation On Liens. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness or Attributable Debt (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired, unless this Agreement and all payments due under this Agreement are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien or, in the case of any obligation so secured that is expressly subordinated to this Agreement, by a Lien prior to any Liens securing any and all obligations thereby secured for so long as any such obligations shall be so secured.

SECTION 5.06. Limitation On Dividend And Other Payment Restrictions Affecting Subsidiaries. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to the Borrower or any of its Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Borrower or any of its Restricted Subsidiaries;

(ii) make loans or advances to the Borrower or any of its Restricted Subsidiaries; or

(iii) transfer any of its properties or assets to the Borrower or any of its Restricted Subsidiaries.

(b) Notwithstanding the foregoing, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements governing Existing Indebtedness and the Credit Facilities in effect on the date hereof and other customary encumbrances and restrictions existing on or after the date hereof that are not more restrictive in any material respect, taken as a whole, with respect to such

dividend and other payment restrictions than those contained in such agreements on the date hereof (provided that the application of such restrictions and encumbrances to additional Restricted Subsidiaries not subject thereto on the date hereof shall not be deemed to make such restrictions and encumbrances more restrictive);

(ii) this Agreement and other customary encumbrances and restrictions existing in indentures and notes after the date hereof that are not more restrictive, in any material respect, taken as a whole, with respect to such dividend and other payment restrictions than those contained in this Agreement;

(iii) applicable law (including without limitation, rules, regulations and agreements with regulatory authorities);

(iv) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Borrower or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Agreement to be incurred;

(v) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

(vi) Capital Lease Obligations, mortgage financings or purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (iii) of paragraph (a) of this Section 5.06;

(vii) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(viii) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(ix) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of Section 5.05 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(x) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements; provided that such restrictions apply only to the assets or property subject to such joint venture or similar agreement or to the assets or property being sold, as the case may be;

(xi) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(xii) restrictions applicable solely to Project Finance Subsidiaries or International Project Finance Subsidiaries pursuant to the terms of their Non-Recourse Indebtedness.

SECTION 5.07. Repayment Of Advances Upon A Change Of Control.

(a) The Borrower shall notify the Agent and each Lender of the occurrence of a Change of Control not later than 30 days following its occurrence (such notification, a "Change of Control Offer") and shall designate a Business Day not less than 28 Business Days or more than 60 days after the date notice of such occurrence is provided (or, if Borrower has not yet complied with paragraph (c), after the first date such paragraph is complied with) as the "Change of Control Payment Date".

(b) Each Lender shall be entitled to request, by providing notice to the Agent no later than three Business Days prior to the Change of Control Payment Date, that (i) such Lender's Revolving Credit Commitment and Letter of Credit Commitment be reduced, in whole or in part, on the Change of Control Payment Date in the amount specified by such Lender, and (ii) the Advances outstanding on the Change of Control Payment Date (in an amount not to exceed such Commitment reduction), interest thereon to the date of payment and other amounts payable under this Agreement to such Lender with respect to such Advances be due and payable on the Change of Control Payment Date, whereupon such Advances, such interest and such amounts shall become and be due and payable together with the Change of Control Premium for such Commitment reduction, and such Commitments shall be reduced, on the Change of Control Payment Date, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower. The Agent shall notify the Borrower of the aggregate amount of Commitment to be reduced on the Change of Control Payment Date pursuant to this provision (the "Change of Control Reduction Amount"). Commencing on the date of the occurrence of a Change of Control and ending at such time as the Borrower has paid all amounts owing with respect to the Change of Control Payment Date, the Borrower shall not be entitled to repay Revolving Credit Advances pursuant to Section 2.09.

(c) Prior to complying with any of the provisions of this Section, but in any event within 30 days following a Change of Control, if the Borrower is subject to any agreement evidencing Indebtedness (or commitments to extend Indebtedness) that prohibits prepayment of the Advances pursuant to a Change of Control, the Borrower will either repay all such outstanding Indebtedness of the Borrower (and terminate all commitments to extend such Indebtedness), or obtain the requisite consents, if any, under all agreements governing such Indebtedness or commitments to permit the repayment of Advances required by paragraph (b) of this Section 5.07. The Borrower shall first comply with this paragraph (c) before it shall be required to designate a Change of Control Payment Date pursuant to paragraph (a) or repay Advances pursuant to paragraph (b). The Borrower's failure to comply with paragraph (c) may (with notice and lapse of time) constitute an Event of Default under Section 6.01(d) but shall not constitute an Event of Default under Section 6.01(c).

(d) The Borrower will comply with Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws or regulations are applicable in connection with the redemption by their issuer of any securities representing beneficial interests in or otherwise related to this Agreement as a result of a Change of Control, and the above procedures will be deemed modified as necessary to permit such compliance.

SECTION 5.08. Limitation On Transactions With Affiliates. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Borrower (each, an "Affiliate Transaction"), unless:

(i) the Affiliate Transaction is on terms that are no less favorable to the Borrower or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Restricted Subsidiary with an unrelated Person; and

(ii) the Borrower delivers to the Agent:

(1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50 million, a resolution of the Borrower's Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 5.08 and that such Affiliate Transaction has been approved by a majority of the disinterested members of such Board of Directors; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $150 million, an opinion as to the fairness to the Borrower or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of paragraph (a):

(i) any employment agreement or director's engagement agreement, employee benefit plan, officer indemnification agreement or similar agreement entered into by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business of the Borrower or such Restricted Subsidiary;

(ii) transactions between or among the Borrower and/or its Restricted Subsidiaries;

(iii) transactions with a Person that is an Affiliate of the Borrower solely because the Borrower owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(iv) payment of reasonable directors fees and provision to directors, officers and employees of customary indemnities and customary benefits pursuant to employee benefit plans and similar arrangements;

(v) sales of Equity Interests (other than Disqualified Stock) to Affiliates of the Borrower;

(vi) (A) corporate sharing agreements among the Borrower and its Subsidiaries with respect to tax sharing and general overhead and other administrative matters and (B) any other intercompany arrangements disclosed or described in the Borrower's report on Form 10-K for the fiscal year ended December 31, 2003 (including the exhibits thereto), all as in effect on the date hereof, and any amendment or replacement of any of the foregoing so long as such amendment or replacement agreement is not less advantageous to the Borrower in any material respect than the agreement so amended or replaced, as such agreement was in effect on the date hereof;

(vii) transactions entered into as part of a Permitted Receivables Financing;

(viii) Restricted Payments that are permitted by the provisions of Section 5.03 hereof;

(ix) loans or advances to employees in the ordinary course of business not to exceed $10 million in the aggregate outstanding at any one time; and

(x) any agreement, instrument or arrangement as in effect on the date hereof or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Lenders in any material respect than the original agreement as in effect on the date hereof as determined in good faith by the Chief Financial Officer or other senior financial officer of the Borrower.

SECTION 5.09. Designation Of Restricted And Unrestricted Subsidiaries. The Board of Directors of the Borrower may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; provided that in no event will the material businesses currently operated by Williams Production Holdings LLC or Williams Gas Pipeline Company LLC be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Borrower and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under any applicable provision of Section 5.03 or Permitted Investments, as determined by the Borrower. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Borrower may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

SECTION 5.10. Limitation On Sale And Leaseback Transactions. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; provided that the Borrower or any of its Restricted Subsidiaries may enter into a Sale and Leaseback Transaction if:

(a) the Borrower could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction under the Fixed Charge Coverage Ratio test in Section 5.04(a) hereof;

(b) immediately after giving effect to such Sale and Leaseback Transaction, the aggregate outstanding Attributable Debt with respect to all Sale and Leaseback Transactions by the Borrower and its Restricted Subsidiaries does not exceed 10% of the Consolidated Net Tangible Assets of the Borrower; and

(c) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors and set forth in an Officers' Certificate, if such determination exceeds $10 million, delivered to the Agent, of the property that is the subject of that Sale and Leaseback Transaction;

provided, however, that the foregoing clauses (a) and (b) shall no longer be applicable after any Investment Grade Date.

SECTION 5.11. Business Activities. The Borrower will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Borrower and its Subsidiaries taken as a whole.

SECTION 5.12. Payments For Consent. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Lender, participant or sub-participant or any holder of a beneficial interest in the foregoing, for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Agreement or the Notes unless such consideration is offered to be paid and is paid to all Lenders, participants or sub-participants or holders of a beneficial interest in the foregoing that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 5.13. Limitation On Mergers, Consolidations And Sales Of Assets. (a) The Borrower may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Borrower is the surviving Person); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Borrower and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(i) either: (A) the Borrower is the surviving Person; or (B) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a Person organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made expressly assumes in form reasonably satisfactory to the Agent all the obligations of the Borrower under this Agreement, the Notes, the L/C Related Documents and any other related agreements specified by the Agent in its reasonable discretion and delivers to the Agent an Opinion of Counsel to the effect that each of those agreements has been duly authorized, executed and delivered by such Person and constitutes a valid and binding obligation of such Person, enforceable against such Person in accordance with its terms (subject to customary exceptions);

(iii) immediately after such transaction no Default or Event of Default exists; and

(iv) the Borrower or the Person formed by or surviving any such consolidation or merger (if other than the Borrower), or to which such sale, assignment, transfer, conveyance or other disposition has been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in paragraph (a) of Section 5.04 hereof; provided, however, that this clause (iv) shall no longer be applicable from and after any Investment Grade Date.

(b) Notwithstanding the foregoing, the Borrower may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

(c) Clause (iv) of paragraph (a) above will not apply to (x) a consolidation or merger or any sale, assignment, transfer, conveyance or other disposition of assets between or among the Borrower and any of its Restricted Subsidiaries or (y) a merger between the Borrower with an Affiliate solely for the purpose of reincorporating the Borrower or reforming in another jurisdiction; provided that such consolidation or merger or any sale, assignment, transfer, conveyance or other disposition of assets is not materially detrimental to the Lenders.

SECTION 5.14. Limit on Asset Sales.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Borrower (or the Restricted Subsidiary, as the case may be) exchanges consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) for any agreement to make an Asset Sale that is entered into after the date hereof, the Fair Market Value is determined by (a) an executive officer of the Borrower if the value is more than $10 million but less than $75 million or (b) the Borrower's Board of Directors if the value is $75 million or more, as evidenced by a Board Resolution; and

(iii) the consideration received in the Asset Sale by the Borrower or such Restricted Subsidiary is in the form of (a) cash or Cash Equivalents or (b) other property provided that such other property, taken together with all other property received for Asset Sales under this clause (b) since the date hereof, has a Fair Market Value of no more than 10% of the Consolidated Net Tangible Assets of the Borrower. For purposes of this provision, each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Borrower's or such Restricted Subsidiary's most recent balance sheet, of the Borrower or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Advances) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Borrower or such Subsidiary from further liability;

(2) any securities, notes or other obligations received by the Borrower or any such Restricted Subsidiary from such transferee that are converted by the Borrower or such Restricted Subsidiary into cash within 180 days of the relevant Asset Sale, to the extent of the cash received in that conversion; and

(3) property or assets received as consideration for such Asset Sale that would otherwise constitute a permitted application of Net Proceeds (or other cash in such amount) under clauses (ii), (iii) or (iv) under paragraph (b) of this Section 5.14.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Borrower or any of its Restricted Subsidiaries may apply an amount of cash equal to the amount of such Net Proceeds at its option:

(i) to repay or prepay Indebtedness of the Borrower or any Restricted Subsidiary other than Indebtedness of the Borrower subordinated in right of payment to the Borrower's obligations hereunder;

(ii) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business;

(iii) to make a capital expenditure; or

(iv) to acquire other long-term assets that are used or useful in a Permitted Business.

For purposes of Section 5.14(b) through (f), cash or Cash Equivalents received by the Borrower and its Restricted Subsidiaries pursuant to a transaction excluded from the definition of Asset Sale pursuant to clause (12) of the definition thereof will be deemed to be Net Proceeds.

(c) Subject to paragraph (e) of this Section 5.14, to the extent that the Borrower and its Restricted Subsidiaries do not apply an amount of cash equal to the amount of such Net Proceeds of any Asset Sale during such period as provided in paragraph (b) of this Section 5.14, the amount not so applied (excluding Net Proceeds of any Asset Sale to the extent of the amount of acquisitions or capital expenditures described under clauses (ii), (iii) or (iv) of paragraph (b) of this Section 5.14 made during the 365 days preceding the receipt of such Net Proceeds (other than any portion of such amount that was funded with Net Proceeds of any other Asset Sale or that has been allocated to exclude Net Proceeds of any other Asset Sales under this Section 5.14)) will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $50 million, the Borrower will make an offer to all Lenders and all holders of other Indebtedness that is pari passu with the Advances containing provisions similar to those set forth in this Section 5.14 with respect to offers to prepay, purchase or redeem with the proceeds of sales of assets to prepay, purchase or redeem, as applicable, the maximum principal amount of the Advances and aggregate Available Amount of all outstanding Letters of Credit (the Advances and such Available Amount is referred to collectively as "Asset Sale Obligations") and such other pari passu Indebtedness that may be prepaid, purchased or redeemed out of the Excess Proceeds (such an offer, an "Asset Sale Offer"). The prepayment amount with respect to the prepaid Asset Sale Obligations in any Asset Sale Offer will be equal to 100% of the principal amount or Available Amount of such Asset Sale Obligations plus accrued and unpaid interest to the date of prepayment, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Borrower may use those Excess Proceeds for any purpose not otherwise prohibited by this Agreement. If the aggregate principal amount or Available Amount of Asset Sale Obligations for which the Lenders have elected prepayment and other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Excess Proceeds will be allocated by the Borrower to such Asset Sale Obligations and such other pari passu Indebtedness on a pro rata basis (based upon the respective principal amounts or Available Amount of such Asset Sale Obligations and such other pari passu Indebtedness tendered into such Asset Sale Offer). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(d) Prior to making any Asset Sale Offer, but in any event within 30 days following the date on which such Asset Sale Offer would otherwise be required, if the Borrower is subject to any agreement evidencing Indebtedness (or commitments to extend Indebtedness) that prohibits prepayment of the Asset Sale Obligations pursuant to an Asset Sale Offer, the Borrower will either repay all such outstanding Indebtedness of the Borrower (and terminate all commitments to extend such Indebtedness) or obtain the requisite consents, if any, under all agreements governing such Indebtedness or commitments to permit the prepayment of Asset Sale Obligations required by this Section 5.14. The Borrower shall first comply with this paragraph (d) before it shall be required to make an Asset Sale Offer or to prepay Asset Sale Obligations pursuant to this Section 5.14. The Borrower's failure to comply with this paragraph (d) may (with notice and lapse of time) constitute an Event of Default under Section 6.01(d) but shall not constitute an Event of Default under Section 6.01(c).

(e) In the event that, pursuant to this Section 5.14, the Borrower is required to commence an Asset Sale Offer, it shall follow the procedures specified below.

The Asset Sale Offer shall be made to all Lenders and to all holders of other Indebtedness that is pari passu with the Advances to the extent set forth above in this Section 5.14. The Asset Sale Offer will remain open for a period of at least 25 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "Offer Period"). On the third Business Day after the termination of the Offer Period (the "Purchase Date"), the Borrower shall apply all Excess Proceeds (the "Offer Amount") to the prepayment of Asset Sale Obligations and such other pari passu Indebtedness (on a pro rata basis, if applicable, as set forth above in this Section 5.14) or, if less than the Offer Amount has been tendered, all Asset Sale Obligations for which the Lenders have elected prepayment and other Indebtedness tendered in response to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Borrower will notify the Agent and each of the Lenders. The notice will contain all instructions and materials necessary to enable such Lenders to elect prepayment of Asset Sale Obligations pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(i) that the Asset Sale Offer is being made pursuant to this Section 5.14 and the length of time the Asset Sale Offer will remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Advance for which prepayment is not elected or that is not accepted for prepayment will continue to accrue interest;

(iv) that, unless the Borrower defaults in making such payment, any Advance accepted for prepayment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(v) that Lenders electing to have an Asset Sale Obligation prepaid pursuant to an Asset Sale Offer may elect to have Asset Sale Obligations prepaid in integral multiples of $1,000 only, and may elect prepayment in whole or in part of such Lender's Asset Sale Obligations;

(vi) that Lenders will be entitled to withdraw their election if the Borrower and the Agent receives, not later than the expiration of the Offer Period, a telex, facsimile transmission or letter setting forth the name of the Lender, the principal amount or Available Amount of the Asset Sale Obligations for which the Lender has elected prepayment and a statement that such Lender is withdrawing its election to have such Asset Sale Obligation repaid, in whole or in part; and

(vii) that, if the aggregate principal amount of Asset Sale Obligations for which prepayment is elected and other pari passu Indebtedness surrendered by holders exceeds the Offer Amount, the Borrower will select the Asset Sale Obligations and other pari passu Indebtedness to be prepaid, purchased or redeemed on a pro rata basis based on the principal amount or Available Amount of such Asset Sale Obligations and such other pari passu Indebtedness surrendered (with such adjustments as may be deemed appropriate so that only Asset Sale Obligations in denominations of $1,000, or integral multiples thereof, will be prepaid).

Commencing on the date Borrower commences an Asset Sale Offer and ending at such time as the Borrower has paid all amounts owing with respect to the Purchase Date, the Borrower shall not be entitled to repay Revolving Credit Advances pursuant to Section 2.09. On the Purchase Date, each Lender's Revolving Credit Commitment and Letter of Credit Commitment shall be reduced by the amount of Asset Sale Obligations of such Lender accepted by the Borrower for

prepayment (the "Asset Sale Reduction Amount") and such Asset Sale Obligations shall become and be due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

On or before the Purchase Date, the Borrower shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Asset Sale Obligations or portions thereof for which prepayment is elected pursuant to the Asset Sale Offer, or if less than the Offer Amount has been elected or tendered, all Asset Sale Obligations for which prepayment is elected, and shall deliver to the Agent an Officers' Certificate stating that such Asset Sale Obligations or portions thereof were accepted for payment by the Borrower in accordance with the terms of this Section 5.14. The Borrower shall on the Purchase Date prepay an amount equal to the purchase price of the Asset Sale Obligations for which prepayment is elected by such Lender and accepted by the Borrower for prepayment. The Borrower will notify each Lender of the results of the Asset Sale Offer on the Business Day immediately following the termination of the Offer Period.

(f) The Borrower will comply with Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws or regulations are applicable in connection with the redemption by their issuer of any securities representing beneficial interests in or otherwise related to this Agreement as a result of an Asset Sale Offer, and the above procedures will deemed modified as necessary to permit such compliance.

SECTION 5.15. Covenant Termination. So long as any Revolving Credit Advance shall remain unpaid, any Letter of Credit or reimbursement obligation shall remain outstanding or any Revolving Credit Commitment or Letter of Credit Commitment shall remain outstanding, the Borrower will comply with Sections 5.01 through 5.14 of this Agreement. From and after the first date after the date hereof on which the Specified Security has an Investment Grade Rating from both Rating Agencies and no Default or Event of Default has occurred and is continuing with respect to this Agreement (the "Investment Grade Date"), the Borrower and its Restricted Subsidiaries will no longer be subject to Sections 5.03, 5.04, 5.06, 5.08, 5.09, 5.11, clause (a)(iv) of Section 5.13 and Section 5.14 hereof. The Borrower shall give the Agent prompt notice in an Officers' Certificate of the occurrence of the Investment Grade Date (provided that any failure to provide such notice shall not have any effect on the immediately preceding sentence).

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) failure by the Borrower to pay any principal of any Advance or Change of Control Premium when the same becomes due and payable; or

(b) failure by the Borrower to pay: (i) any Facility Fees; (ii) any interest on any Advance; (iii) any amount payable in respect of any Letter of Credit Agreement; or (iv) any other payment of fees or other amounts payable under this Agreement or any Note, in each case within thirty days after the same becomes due and payable; or

(c) failure by the Borrower to make payments required by Sections 5.07 or 5.14 hereof in accordance with the terms thereof, or failure of the Borrower to comply with the provisions of Section 5.13 hereof; or

(d) failure by the Borrower or any of its Restricted Subsidiaries for 60 days after notice, from the Agent or the Notice Lenders (with a copy to the Agent), to perform or observe any term, covenant or agreement contained in this Agreement on its, or their, as applicable, part to be performed or observed; or

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Borrower or any of its Restricted Subsidiaries (other than Non-Recourse Indebtedness of a Project Finance Subsidiary or International Project Finance Subsidiary) or the payment of which is Guaranteed by the Borrower or any of its Restricted Subsidiaries (other than a Guarantee arising solely from the imposition of a Lien on Capital Stock pursuant to clause (20) of the definition of "Permitted Liens"), whether such Indebtedness or Guarantee now exists, or is created after the date hereof, if that default:

(i) is caused by a failure of the Borrower or any Subsidiary of the Borrower to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100 million or more; or

(f) failure by the Borrower or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of $100 million, which judgments are not paid, discharged or stayed for a period of 60 days; provided that this clause (f) shall not apply to judgments against any Project Finance Subsidiary or International Project Finance Subsidiary whose Indebtedness is solely Non-Recourse Indebtedness; or

(g) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) or of any substantial part of the property of the Borrower or any of its Significant Subsidiaries, or ordering the winding up or liquidation of the affairs of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary), and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; provided that this clause (g) shall not apply to any Project Finance Subsidiary or International Project Finance Subsidiary whose Indebtedness is solely Non-Recourse Indebtedness; or

(h) the commencement by the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by

it to the entry of a decree or order for relief in respect of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) or of any substantial part of the property of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary), or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) in furtherance of any such action; provided that this clause (h) shall not apply to any Project Finance Subsidiary or International Project Finance Subsidiary whose Indebtedness is solely Non-Recourse Indebtedness;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Notice Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Notice Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, that any time after a declaration of acceleration described in clause (ii) has occurred and before a judgment for payment of the money due has been obtained by any Lender, the Required Lenders, by written notice to the Borrower and the Agent, may rescind and annul such declaration and its consequences (but not the termination of the obligations described in clause (i)) if the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, all existing Events of Default, other than the nonpayment of the principal of any Advance and interest on any Advances that have become due solely by the declaration of acceleration, have been cured or waived, and no such rescission shall affect any subsequent Default or impair any right consequent thereon; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the United States Bankruptcy Code of 1978, as amended, (A) the obligation of each Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 6.02. Notice of Default or Event of Default. The Agent shall not be deemed to have knowledge of a Default or Event of Default or of the identity of a Significant Subsidiary (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) unless a notice of such Default or Event of Default or of the identity of such Significant Subsidiary is received by the Agent pursuant to Section 9.01. The Borrower shall provide the Agent and the Lenders with notice in reasonable detail of a Default or Event of Default promptly after becoming aware of the occurrence thereof.

SECTION 6.03. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the

request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, make such arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders.

SECTION 6.04. Waiver Of Existing Defaults. Subject to Section 8.01 of this Agreement, the Required Lenders by notice to the Agent may waive an existing Default or Event of Default and its consequences, except (1) a continuing Default or Event of Default with respect to Sections 6.01(a) and (b) of this Agreement or (2) a continuing default in respect of a provision that under Section 8.01 of this Agreement cannot be amended without the consent of each Lender affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender (in its capacities as a Lender and an Issuing Bank (as applicable)) hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), 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 Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement, other than any notice the Borrower is obligated to provide directly to such Lender.

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 the Lender that made any Advance as the holder of the indebtedness resulting therefrom until the Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 9.06; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or the existence at any time of any Default or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing

(which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and any Note issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank 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 its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders. The Agent shall have no duty to disclose information obtained or received by it or any of its Affiliates relating to the Borrower or its Subsidiaries to the extent such information was obtained or received in any capacity other than as Agent.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on publicly available information relating to the Borrower, the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the 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 decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent (to the extent not reimbursed by the Borrower), from and against such Lender's Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its Pro Rata Share of any out-of-pocket expenses (including reasonable 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. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks (to the extent not promptly reimbursed by the Borrower) from and against such Lender's Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Pro Rata Share of any costs and expenses (including, without limitation, fees and

expenses of counsel) payable by the Borrower under Section 9.03, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrower.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank, as the case may be, promptly upon demand for its Pro Rata Share of any amount required to be paid by the Lenders to the Agent or such Issuing Bank, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or such Issuing Bank, as the case may be, for its Pro Rata Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any such Issuing Bank, as the case may be, for such other Lender's Pro Rata Share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 7.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes. The Agent and each Issuing Bank agrees to return to the Lenders their respective Pro Rata Shares of any amounts paid under this Section 7.05 that are subsequently reimbursed by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof having a combined capital and surplus of at least $500,000,000 and a long-term credit rating of at least "A3" from Moody's and "A-" from S&P. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations 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.

ARTICLE VIII

AMENDMENTS

SECTION 8.01. Amendments, Etc. with consent of Lenders. Except as provided in Section 8.02, no amendment or waiver of any provision of this Agreement or the Revolving Credit Notes, 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 Required Lenders, 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 Lenders, do any of the following: (a) waive any of the conditions specified in Sections 3.01 and 3.02, (b) subject the Lenders to any additional obligations, (c) increase the Commitments of the Lenders, (d) reduce the principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (e) postpone any date fixed for any payment of principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (f) change the percentage of the Revolving Credit Commitments, the aggregate Available Amount of outstanding Letters of Credit or of the aggregate unpaid principal amount of the Revolving Credit Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or (g) amend this Section 8.01 (each of clauses (a) through (g), a "Restricted Event"); and provided further that (x) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the

rights or duties of the Agent under this Agreement or any Note and (y) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement.

SECTION 8.02. Amendments without consent of Lenders. (a) The Agent and the Borrower, when authorized by a resolution of its Board of Directors (which resolution may provide general terms or parameters for such action and may provide that the specific terms of such action may be determined in accordance with or pursuant to an Officers' Certificate), may from time to time and at any time amend this Agreement for one or more of the following purposes:

(i) to convey, transfer, assign, mortgage or pledge to the Lenders as security for the obligations hereunder any property or assets;

(ii) to evidence the succession of another corporation to the Borrower, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Borrower pursuant to Section 5.13;

(iii) to add to the covenants of the Borrower such further covenants, restrictions, conditions or provisions as the Borrower and the Agent shall consider to be for the protection of the Lenders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Agreement as herein set forth; provided, that in respect of any such additional covenant, restriction, condition or provision such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Agent or the Lender upon such an Event of Default or may limit the right of the Required Lenders to waive such an Event of Default; and

(iv) (x) to cure any ambiguity or to correct or supplement any provision contained herein or in any amendment which may be defective or inconsistent with any other provision contained herein or in any amendment, or (y) to make any other provisions as the Borrower may deem necessary or desirable, provided that in either case no such action shall adversely affect the interests of the Lenders.

(b) The Agent is hereby authorized to join with the Borrower in the execution of any such amendment, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Agent shall not be obligated to enter into any such amendment which affects the Agent's own rights, duties or immunities under this Agreement or otherwise.

(c) Any amendment authorized by the provisions of this Section may be executed without the consent of any Lenders.

(d) Promptly after the execution by the Borrower and the Agent of any amendment pursuant to the provisions of Section 8.02, the Borrower and the Agent shall give notice thereof to the Lenders. Any failure of the Borrower or the Agent to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

SECTION 8.03. Documents to Be Given to Agent. The Agent, subject to the provisions of Article VII, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any amendment or waiver executed pursuant to this Article VIII complies with the applicable provisions of this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed (return receipt requested), telecopied, telegraphed, telexed or delivered, if to the Borrower, its address at The Williams Companies, Inc., One Williams Center, Suite 5000, Tulsa, Oklahoma 74172, Attention: Patti Kastl, Facsimile No.: (918) 573-2065; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender or as otherwise notified to the Borrower; and if to the Agent, at its address at Two Penns Way, Suite 110, New Castle, Delaware 19720, Attention: Global Loans Manager; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed or telexed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to the Agent pursuant to Article II, III, VI or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 9.02. Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. (a) No right or remedy herein conferred upon or reserved to the Agent or to the Lenders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(b) No delay or omission of the Agent or of any Lender to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Agreement or by law to the Agent or to the Lenders may be exercised from time to time, and as often as shall be deemed expedient, by the Agent or by the Lenders.

SECTION 9.03. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of outside counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all reasonable costs and expenses of the Agent and the Eligible Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with

the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of outside counsel for the Agent and each Eligible Lender in connection with the enforcement of rights under this Section 9.03(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent, each Eligible Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) 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 a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense has resulted from such Indemnified Party's (or any of its Affiliates) gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.03(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its Subsidiaries, its directors, shareholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Sections 2.07, 2.09 or 2.11, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, 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 any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.10 and 9.03 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes and the termination in whole of any Commitment hereunder.

SECTION 9.04. Waiver of Set-off. Each Lender waives any right of setoff, counterclaim, deduction, diminution or abatement based upon any claim it may have against the Borrower under this Agreement.

SECTION 9.05. Binding Effect. This Agreement shall become effective (other than Sections 2.01 and 2.03, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it

and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 9.06. Assignments and Participations. (a) Each Lender may at any time assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment, its Unissued Letter of Credit Commitment, the Revolving Credit Advances owing to it, its participations in Letters of Credit and the Revolving Credit Note or Notes held by it); provided, however, that (i) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or a participant or sub-participant or owner of a beneficial interest thereof (and further assignments by such Persons or subsequent assignees) or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Revolving Credit Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof unless the Borrower and the Agent otherwise agree, (ii) each such assignment shall be to an Eligible Assignee, (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of an amount specified by the Agent, such amount not to exceed $3,500; provided, however, that the Agent may accept an Assignment and Acceptance executed by only the assignor where the assignee is an owner of a beneficial interest described in clause (iii) of the definition of Eligible Assignee, (iv) any Lender may, without the approval of the Borrower and the Agent, assign all or a portion of its rights to any of its Affiliates and (v) an Issuing Bank may assign all or a portion of its obligations only to (x) an Affiliate with a long-term credit rating no lower than that of the assignor from each of Moody's and S&P and with market acceptance by beneficiaries of letters of credit similar to that of the assignor in the reasonable judgment of the assignor and the Borrower, (y) an assignee or successor pursuant to operation of law or (z) an assignee or successor pursuant to a merger, consolidation or amalgamation with or into, or transfer of all or substantially all of the assignor's assets to, another entity. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.10 and 9.03 to the extent any claim thereunder relates to an event arising prior such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). If a Lender assigns all of its rights and obligations under all or a portion of this Agreement to one or more Persons to whom such Lender has previously sold a participation pursuant to Section 9.06(e) (so long as the Borrower has consented to the identity of the participant and the terms of such participation at the time of such sale, such consent not to be unreasonably withheld or delayed, and such participation has not been amended, modified or supplemented without the consent of Borrower, such consent not to be unreasonably withheld or delayed), on the date of such assignment the Agent shall declare the obligation of each Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated with respect to the assigned portion.

(b) By executing and delivering an Assignment and Acceptance or accepting an assignment, the Lender 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 Assignment and

Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other instrument or document furnished pursuant hereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received or has had the opportunity to request a copy of such documents and information as it has deemed appropriate to make its decision to enter into such Assignment and Acceptance or accept such assignment; (iv) such assignee will, independently and without reliance upon the Agent, such assigning 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 decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, 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 that by the terms of this Agreement are required to be performed by it as a Lender or as an Issuing Bank, as the case may be.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and, if applicable, an assignee representing that it is an Eligible Assignee, together with any Revolving Credit Note or Notes subject to such assignment, the 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, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(d) The Agent shall maintain at its address referred to in Section 9.01 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time in addition to the items set forth in Section 2.14(b) (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other Persons (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, without limitation, all or a portion of its Revolving Credit Commitment, its Unissued Letter of Credit Commitment, the Revolving Credit Advances owing to it, its participations in Letters of Credit and any Revolving Credit Note or Notes held by it); provided, however, that except as otherwise agreed by the parties hereto, (i) such Lender's obligations under this Agreement (including, without limitation, its Revolving Credit Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom,

except, if the Borrower has consented to the granting of such right to such participant, such consent not to be unreasonably withheld or delayed, to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes 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 Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation. If a Lender shall notify the Borrower of the existence of such a participant or sub-participant, the Borrower shall provide such participant and sub-participant, as applicable, with the same reports, notices, certificates, opinions and other information in sufficient numbers as requested by the recipient as the Borrower is required to provide to the Agent or such Lender under this Agreement (other than pursuant to Article II).

(f) Any Lender, participant or sub-participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.06, disclose to the assignee or participant or proposed assignee or participant (or holders of beneficial interest therein), any information relating to the Borrower furnished to such Lender, participant or sub-participant by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant (or holders of beneficial interest therein) shall agree to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender, participant or sub-participant.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign or create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 9.07. Confidentiality. Each of the Lenders and the Agent agrees that it will use reasonable efforts (e.g., procedures substantially comparable to those applied by such Lender or Agent in respect of non-public information as to the business of such Lender or Agent) to not disclose Confidential Information to any other Person without the consent of the Borrower, other than (a) by the Agent to any Lender, (b) by any Lender to any other Lender or the Agent, (c) to the Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and, as contemplated by Section 9.06(f), to actual or prospective assignees and participants (or holders of beneficial interest therein), and then only on a confidential basis, (d) as required by any law, rule or regulation or judicial process, (e) as requested or required by any state, federal or foreign authority, examiner or auditor regulating banks or banking, (f) to counsel for any Lender or the Agent and their respective independent public accountants, (g) to the extent such information relates to an Event of Default, (h) in connection with any litigation to which the Agent or any Lender is a party and (i) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; provided that a determination by a Lender or Agent as to the application of the circumstances described in the foregoing clauses (a)-(i) is conclusive if made in good faith; and each of the Lenders and the Agent agrees that it will follow procedures which are intended to put any transferee of such Confidential Information on notice that such information is confidential.

SECTION 9.08. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the law of the State of New York.

SECTION 9.09. 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. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.10. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Borrower hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon CT Corporation System at its offices at 1633 Broadway, New York, New York 10019 (the "Process Agent") and the Borrower hereby irrevocably appoints the Process Agent its authorized agent to accept such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to serve legal process in any other manner permitted by law or to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.11. Final Agreement. This Agreement and each Letter of Credit Agreement constitute the entire agreement between the parties with respect to the matters addressed herein and supersede all prior or simultaneous agreements, written or oral, with respect thereto.

SECTION 9.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under the Notes in any currency (the "Original Currency") into another currency (the "Other Currency"), 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 Original Currency with the Other Currency at 9:00 A.M. (New York City time) on the first Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due in the Original Currency from it to any Lender or the Agent hereunder or under the Revolving Credit Note or Revolving Credit Notes held by such Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Lender or Agent (as the case may be) of any sum adjudged to be so due in such Other Currency, such Lender or Agent (as the case may be) may in accordance with normal banking procedures purchase Dollars with such Other Currency; if the amount of Dollars so purchased is less than the sum originally due to such Lender or Agent (as the case may be) in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or Agent (as the case may be) against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to any Lender or the Agent (as the case

may be) in the Original Currency, such Lender or Agent (as the case may be) agrees to remit to the Borrower such excess.

SECTION 9.13. No Liability of the Issuing Banks. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. None of the Agents, the Lenders nor any Issuing Bank, nor any of their respective Affiliates, nor the respective directors, officers, employees, agents and advisors of such Person or such Affiliate shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the Borrower proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing and without limiting the generality thereof, the parties agree that, with respect to such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 9.14. Waiver of Jury Trial. Each of the Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

SECTION 9.15. Officers' Certificates and Opinions of Counsel; Statements to Be Contained Therein. (a) Each certificate or opinion provided for in this Agreement and delivered to the Agent with respect to compliance with a condition or covenant provided for in this Agreement shall include (i) a statement that the person making such certificate or opinion has read such covenant or condition, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, which examination or investigation may be carried out by his or her designee, (iii) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an opinion as to whether or not such covenant or condition has been complied with and (iv) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

(b) Any certificate, statement or opinion of an officer of the Borrower may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Borrower, upon the certificate, statement or opinion of or representations by an officer

or officers of the Borrower, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

(c) Any certificate, statement or opinion of an officer of the Borrower or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ (or former employ) of the Borrower or any of its Restricted Subsidiaries, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

(d) Any certificate or opinion of any independent firm of public accountants filed with and directed to the Agent shall contain a statement that such firm is independent.

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.

THE WILLIAMS COMPANIES, INC.

By /s/ Travis N Campbell

Title: Treasurer

CITIBANK, N.A.,
as Agent

By /s/ Todd J. Mogil

Title: ATTORNEY-IN-FACT

Initial Issuing Banks

Letter of Credit Commitment

$400,000,000 CITICORP USA, INC.

By /s/ Todd J. Mogil

Title: Vice President

$400,000,000 Total of the Letter of Credit Commitments

Initial Lenders

Revolving Credit Commitment

$400,000,000 CITICORP USA, INC.

By /s/ Todd J. Mogil

Title: Vice President

$400,000,000 Total of the Revolving Credit Commitments

EXECUTION COPY

Exhibit 10.2

U.S. $100,000,000

FIVE YEAR CREDIT AGREEMENT

Dated as of April 26, 2004

Among

THE WILLIAMS COMPANIES, INC.,
as Borrower,

and

THE INITIAL LENDERS NAMED HEREIN,
as Initial Lenders,

and

THE INITIAL ISSUING BANKS NAMED HEREIN,
as Initial Issuing Banks,

and

CITIBANK, N.A.,
as Agent.

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

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ARTICLE IX
MISCELLANEOUS

FIVE YEAR CREDIT AGREEMENT

Dated as of April 26, 2004

THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") and issuers of letters of credit (the "Initial Issuing Banks") listed on the signature pages hereof and CITIBANK, N.A. ("Citibank"), as administrative agent and as paying agent (the "Agent") for the Lenders and Issuing Banks (each as hereinafter defined) agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Advance" means a Revolving Credit Advance.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling", "controlled by" and "under common control with" have correlative meanings.

"Agent" has the meaning specified in the preamble hereto.

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank at its office at Two Penns Way, Suite 110, New Castle, Delaware 19720, Account No. 40580177, Attention: Bank Loan Syndications or such other account of the Agent as is designated in writing from time to time by the Agent to the Borrower and the Lenders for such purpose.

"Agreement" means this Five Year Credit Agreement.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance or a Specified LIBOR Rate Advance.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Borrower and its Restricted Subsidiaries taken as a whole will be governed by the provisions of Section 5.07 or Section 5.13 hereof and not by the provisions of Section 5.14; and

(2) the issuance of Equity Interests in any of the Borrower's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $50 million;

(2) a transfer of assets between or among the Borrower and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Borrower or to another Restricted Subsidiary;

(4) the sale or lease of equipment, hydrocarbons or other inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) the sale or other disposition of accounts receivable and related assets to a Securitization Subsidiary in connection with a Permitted Receivables Financing;

(7) Sale and Leaseback Transactions;

(8) a Restricted Payment or Permitted Investment that is permitted by Section 5.03 hereof;

(9) dispositions in the ordinary course of business on arm's-length terms consummated pursuant to Oil and Gas Agreements;

(10) (i) dispositions of property acquired after the date hereof 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 $50,000,000 per fiscal year and (ii) dispositions required in connection with operating contracts, joint venture agreements and lease agreements existing on the date hereof;

(11) any sale or other disposition of assets of the Borrower or any of its Restricted Subsidiaries publicly announced as of the date hereof; and

(12) 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.

"Asset Sale Obligations" has the meaning specified in Section 5.14(c).

"Asset Sale Offer" has the meaning specified in Section 5.14(c).

"Asset Sale Reduction Amount" has the meaning specified in Section 5.14(e).

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Attributable Debt" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Base Rate" means an interest rate per annum 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; and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(i).

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee of such board authorized to act on its behalf;

(2) with respect to a partnership, the board of directors of the general partner of the partnership or any committee of such board authorized to act on its behalf; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"Board Resolution" means a copy of one or more resolutions, certified by the secretary or an assistant secretary of the Borrower to have been duly adopted or consented to by the Board of Directors of the Borrower and to be in full force and effect, and delivered to the Agent.

"Borrower" has the meaning specified in the preamble hereto.

"Borrowing" means a Revolving Credit Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advance, Specified LIBOR Rate Advance or Facility Fee, on which dealings are carried on in the London interbank market and banks are open for business in London.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means:

(1) Dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than two years from the date of acquisition;

(3) (i) demand deposits, (ii) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding 365 days and (iv) overnight bank deposits and other similar types of investments routinely offered by commercial banks, in each case, with any lender party to the Existing Credit Facilities or with any domestic commercial bank or trust company having capital and surplus in excess of $100 million;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least P-2 by Moody's or A-2 by S&P and in each case maturing within 270 days after the date of acquisition;

(6) short-term securities, including municipal notes, variable rate demand notes, auction rate securities, and floating rate notes rated either P-1 or A2 by Moody's or A-1 or A by S&P and maturing within 365 days of acquisition;

(7) 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 Moody's or A by S&P;

(8) money market funds the assets of which constitute primarily Cash Equivalents of the kinds described in clauses (1) through (7) of this definition; and

(9) deposits available for withdrawal on demand with any commercial bank not meeting the qualifications specified in clause (3) above; provided that all such deposits are made in the ordinary course of business, do not remain on deposit for more than 30 consecutive days and do not exceed $50 million in the aggregate at any one time.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Borrower and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than any such transaction in which the Person or Persons that, immediately prior to such transaction or transactions, were the Beneficial Owners of the Voting Stock of the Borrower are the Beneficial Owners in the aggregate of a majority in total of the total voting power of the then outstanding Voting Stock of the transferee "person";

(2) the adoption of a plan relating to the liquidation or dissolution of the Borrower;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that, any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Borrower or any of its Subsidiaries) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Borrower, measured by voting power rather than number of shares;

(4) the first day on which a majority of the members of the Board of Directors of the Borrower are not Continuing Directors; or

(5) the Borrower consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Borrower, in any such event pursuant to a

transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Borrower outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance).

"Change of Control Payment Date" has the meaning specified in Section 5.07(a).

"Change of Control Premium" means, in respect of a Lender, 1% of the reduction of such Lender's Commitment pursuant to Section 5.07.

"Change of Control Reduction Amount" has the meaning specified in Section 5.07(b).

"Citibank" has the meaning specified in the preamble hereto.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"Commission" means the Securities and Exchange Commission, created under the Exchange Act, as from time to time constituted (or its successor).

"Commitment" means a Revolving Credit Commitment or a Letter of Credit Commitment.

"Commitment Termination Date" means the earlier of (a) the date of termination in whole of the aggregate Commitments as provided herein and (b) the 25th Business Day prior to the date specified in clause (a) of the definition of Termination Date.

"Confidential Information" means information that the Borrower or any of its Subsidiaries or Affiliates (or any agent, officer, director, employee or other representative of any such Person) furnishes to the Agent or the relevant Lender (or the relevant participant or sub-participant) in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent or such Lender (or participant or sub-participant) from a source other than the Borrower or any of its Subsidiaries or Affiliates (or any agent, officer, director, employee or other representative of any such Person) unless such information has become generally available to the public or such source as a result of a breach of Section 9.07 by the Agent or a Lender.

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

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication):

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount (excluding any payments or

charges arising from the acceleration of debt issuance costs and original issue discounts associated with the repurchase of Indebtedness); non-cash interest payments; the interest component of any deferred payment obligations; the interest component of all payments associated with Capital Lease Obligations; imputed interest with respect to Attributable Debt; commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; any premiums, fees, discounts, expenses and losses on the sale of accounts receivable (and any amortization thereof) in connection with a Permitted Receivable Financing; and net of the effect of all payments made or received pursuant to Related Interest Rate or Currency Hedges), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(3) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash items (including asset write-downs) (excluding any such non-cash item (including asset write-downs) to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash items (including asset write-downs) were deducted in computing such Consolidated Net Income; plus

(4) unrealized non-cash losses resulting from foreign currency balance sheet adjustments required by GAAP to the extent such losses were deducted in computing such Consolidated Net Income; plus

(5) all losses incurred as a result of Power Portfolio Disposition Transactions, to the extent such losses were deducted in computing such Consolidated Net Income, minus

(6) all gains as a result of Power Portfolio Disposition Transactions, to the extent such gains were included in computing such Consolidated Net Income; plus or minus

(7) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense to the extent such gains or losses or revenue or expense were added or deducted in computing such Consolidated Net Income; minus

(8) non-cash items (including asset write-ups) increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined (where applicable) in accordance with GAAP.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval

(that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded; and

(4) the cumulative effect of a change in accounting principles will be excluded.

"Consolidated Net Tangible Assets" means, with respect to any Person at any date of determination, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting the following amounts: (i) all current liabilities reflected in such balance sheet, and (ii) all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Borrower who:

(1) was a member of such Board of Directors on the date hereof; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.07 or 2.08.

"Credit Facilities" means, one or more debt facilities or commercial paper facilities, in each case between the Borrower and/or any of its Restricted Subsidiaries and banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), bankers' acceptances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Disclosed Litigation" has the meaning specified in Section 3.01(b).

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date specified in clause (a) of the definition of Termination Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Borrower to repurchase such Capital Stock upon the occurrence of a Change of Control will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Borrower may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption

complies with Section 5.03 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement shall be equal to the maximum amount that the Borrower and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to the mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Dollars" and the "$" sign each mean lawful money of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (i) a Lender; (ii) an Affiliate of a Lender; (iii) any participant to which a Lender has sold a participation, any sub-participant thereof or any owner of a beneficial interest in the foregoing, if in the case of a participant or a sub-participant the Borrower consented, at the time of such sale, to such participation or sub-participation, as applicable, such consent not to be unreasonably withheld or delayed; or (iv) any other Person approved by the Agent and, unless (a) an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.06 or (b) an assignment has occurred to a participant described in clause (iii), the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Eligible Lender" means an Initial Lender, an Initial Issuing Bank or any Eligible Assignee (other than an Eligible Assignee described in clause (iii) of the definition of Eligible Assignee).

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

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

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

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

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

"ERISA Affiliate" means any Person that for purposes of Section 302 and Title IV of ERISA or for purposes of Section 412 of the Code is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Code.

"ERISA Event" means (a) a "reportable event" described in Section 4043 of ERISA (other than a "reportable event" (i) described in Section 4043(c)(3) of ERISA, (ii) not subject to the provision for 30-day notice to the PBGC or (iii) that would not result in a material liability to the Borrower, any of its Subsidiaries or any ERISA Affiliate), or (b) the incurrence of a material liability by the Borrower, any of its Subsidiaries or any ERISA Affiliate as a result of the withdrawal of the Borrower, any of its Subsidiaries or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or by reason of the provisions of Section 4064 of ERISA upon the termination of a Multiple Employer Plan, or (c) the existence of any "accumulated funding deficiency" or "liquidity shortfall" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, or the filing of an application pursuant to Section 412(e) of the Code or Section 304 of ERISA for any extension of an amortization period, or (d) the provision or filing of a notice of intent to terminate a Plan other than in a standard termination within the meaning of Section 4041 of ERISA or the treatment of a Plan amendment as a distress termination under Section 4041 of ERISA, or (e) the institution of proceedings to terminate a Plan by the PBGC, or (f) any other event or condition which might reasonably be expected to constitute grounds for (x) the termination of, or the appointment of a trustee to administer, any Plan other than in a standard termination within the meaning of Section 4041 of ERISA or (y) the imposition of any lien on the assets of the Borrower, any of its Subsidiaries or any ERISA Affiliate under ERISA, including as a result of the operation of Section 4069 of ERISA.

"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 Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing, an interest rate per annum equal to the rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum) appearing on Telerate Page 3750 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, that if such Interest Period ends on the date specified in clause (a) of the definition of Termination Date, such interest rate shall be the rate per annum appearing on the Telerate Page for London interbank offered deposits with a term equal to the actual number of days from the first day of such Interest Period to the date specified in clause (a) of the definition of Termination Date (the "Final Interest Period") or, if such Final Interest Period does not equal a term appearing on the Telerate Page, such rate per annum shall be determined by interpolating linearly between (i) the rate for the period appearing on the Telerate Page that is closest to and greater than the length of such Final Interest Period and (ii) the rate for the period appearing on the Telerate Page that is closest to and less than the length of such Final Interest Period) or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in Dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such

Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period. If Telerate Page 3750 is unavailable, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.07.

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period 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 a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Credit Facilities" means (1) the Secured Credit Agreement, (2) the New RMT Loan and (3) one or more Permitted Receivables Financings (if any) existing as of the date hereof.

"Existing Indebtedness" means Indebtedness of the Borrower and its Restricted Subsidiaries (other than Indebtedness under the Existing Credit Facilities or this Agreement) in existence on the date hereof, until such amounts are repaid.

"Facility Fee" has the meaning specified in Section 2.04(a).

"Facility Fee Period End Date" means February 1, May 1, August 1 and November 1 of each year and the date specified in clause (a) of the definition of the Termination Date, commencing on August 1, 2004; provided that, whenever a Facility Fee Period End Date would otherwise occur on a day other than a Business Day, such Facility Fee Period End Date shall be deferred to the next succeeding Business Day; provided, however, that, if such deferral would cause such Facility Fee Period End Date to occur in the next following calendar month, such Facility Fee Period End Date shall occur on the next preceding Business Day.

"Fair Market Value" means the value (after taking into account any liabilities relating to any assets) that would be exchanged between a willing buyer and a willing seller in a transaction in which neither party is an Affiliate of the other, determined in good faith by the Chief Financial Officer or other senior officer of the Borrower except as otherwise provided in 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 that 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.

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets used in a Permitted Business and Qualifying Expansion Projects) and including any related financing transactions (including any repayment of Indebtedness), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred or (in the case of any Qualifying Expansion Projects) have been completed and in service on the first day of the four-quarter reference period, including any Consolidated Cash Flow (including interest income reasonably anticipated by such Person to be received from Cash Equivalents held by such Person or any of its Restricted Subsidiaries) and any pro forma expense and cost reductions that have occurred or are reasonably expected to occur, in the reasonable judgment of the Chief Financial Officer or Chief Accounting Officer of the Borrower (regardless of whether those cost savings or operating improvements could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the Commission related thereto) but in the case of Qualifying Expansion Projects, only to the extent of Qualifying Expansion Project Amounts;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount (excluding (a) amortization of debt issuance costs incurred prior to the date hereof, (b) charges associated with fees and expenses, including professional fees, incurred

prior to the date hereof in connection with the modification, or any preparation undertaken by any Person in connection with the issuance or incurrence, of Indebtedness of the Borrower and its Restricted Subsidiaries that occurred prior to the date hereof and (c) payments or charges arising from the acceleration of debt issuance costs and original issue discounts associated with the repurchase of Indebtedness), non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, any premiums, fees, discounts, expenses and losses on the sale of accounts receivable (and any amortization thereof) in connection with a Permitted Receivables Financing, and net of the effect of all payments made or received pursuant to Related Interest Rate or Currency Hedges; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense on Indebtedness of another Person that is Guaranteed by the specified Person or one of its Restricted Subsidiaries or secured by a Lien on assets of the specified Person or one of its Restricted Subsidiaries (excluding a Lien on Capital Stock of an Unrestricted Subsidiary of the Borrower or a Person that is not a Subsidiary of the Borrower securing Non-Recourse Indebtedness of such Unrestricted Subsidiary or other Person), whether or not such Guarantee or Lien is called upon; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Borrower (other than Disqualified Stock) or to the Borrower or a Restricted Subsidiary of the Borrower;

provided that there shall be excluded from Fixed Charges interest expense for any period on any Non-Recourse Debt of a Project Finance Subsidiary or an International Project Finance Subsidiary, as the case may be, in an amount not to exceed 50% of the amount equal to the portion of the Net Income for such period, if any, attributable to such Project Finance Subsidiary or International Project Finance Subsidiary that is excluded pursuant to clause (2) of the definition of Consolidated Net Income.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, all as in effect from time to time.

"Gas Gathering Systems" means the gas plant and those certain gas gathering systems consisting of all equipment, assets, rights-of-way, surface leases, contracts and related assets.

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

"Guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

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

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person incurred under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(2) foreign exchange contracts and currency protection agreements entered into with one or more financial institutions designed to protect the person or entity entering into the agreement against fluctuations in interest rates or currency exchanges rates;

(3) any commodity futures contract, commodity option or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used by that entity at the time; and

(4) other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency exchange rates.

"Hydrocarbons" means 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" means 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" means, with respect to any specified Person, any obligation of such Person, whether or not contingent:

(1) for borrowed money;

(2) evidenced by bonds (but not including performance or surety bonds), notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) for banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable;

(6) representing any Related Interest Rate or Currency Hedges; or

(7) under Permitted Receivables Financings;

if and to the extent any of the preceding items (other than letters of credit and Related Interest Rate or Currency Hedges and obligations in respect of Permitted Receivables Financings) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

Notwithstanding the foregoing, (a) Indebtedness shall not include production payment obligations of the Borrower or any Restricted Subsidiary of the Borrower recorded as deferred revenue or deferred liability in accordance with GAAP, together with all related undertakings and obligations, (b) if as a result of either a change in accounting principles or the application thereof or as a result of any amendment, modification or supplementation to any applicable agreement or other document relating thereto, any tolling agreement of the Borrower or any of its Subsidiaries entered into prior to the date hereof constitutes "Indebtedness", such change, amendment, modification or supplementation shall not give rise to any incurrence of Indebtedness for the purposes of this definition to the extent that such amendment, modification or supplementation does not materially increase the obligations of the Borrower and its Restricted Subsidiaries thereunder and (c) a Lien on Capital Stock pursuant to clause (20) of the definition of "Permitted Liens" shall not be deemed to be an incurrence of Indebtedness by the grantor of the Lien or an Investment in the Person which issued such Capital Stock.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) in the case of any Permitted Receivables Financing, the net unrecovered principal amount of the accounts receivable sold thereunder at such date, or other similar amount representing the principal financing amount thereof;

(3) in the case of any Related Interest Rate or Currency Hedges, the net amount payable if such Related Interest Rate or Currency Hedges is terminated at that time due to default by such Person (after giving effect to any contractually permitted set-off);

(4) in respect of Indebtedness of other Persons secured by a Lien on the assets of the specified Person or on any other Person, the lesser of:

(a) the Fair Market Value of such asset at such date of determination, and

(b) the amount of such Indebtedness of such other Persons; and

(5) the principal amount of the Indebtedness in the case of any other Indebtedness.

"Indemnified Costs" has the meaning specified in Section 7.05.

"Initial Issuing Banks" has the meaning specified in the preamble hereto.

"Initial Lenders" has the meaning specified in the preamble hereto.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing and subject to Section 2.07(c), the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period so selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the duration of any Interest Period that commences before the Termination Date and would otherwise end after the date specified in clause (a) of the definition of Termination Date shall end on such date specified in clause (a) of the definition of Termination Date and the Eurodollar Rate for such Interest Period shall be determined on the basis of the actual number of days in such Interest Period;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Revolving Credit Borrowing shall be of the same duration;

(c) 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, however, 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;

(d) the duration of any Interest Period that would otherwise end after the date a Eurodollar Rate Advance is Converted into a Specified LIBOR Rate Advance shall end on the date of such Conversion; and

(e) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"International Project Finance Subsidiary" means (a) WilPro Energy Services (El Furrial) Limited, Apco Argentina Inc., and WilPro Energy Services (PIGAP II) Limited, (b) any Restricted Subsidiary of the Borrower created after the date hereof in order to acquire, construct, develop and/or operate fixed assets and related assets to be used in a Specified International Project, in each case:

(1) which is specified in clause (a) above or designated as an International Project Finance Subsidiary by the Borrower's Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower,

(2) the Indebtedness of which (and of its Subsidiaries) is solely Non-Recourse Indebtedness, and

(3) all Investments made by the Borrower or its Restricted Subsidiaries in such International Project Finance Subsidiary and its Subsidiaries on or prior to the date of designation, measured on the date each such Investment was made and without giving effect to subsequent changes in value, (less the amount of cash return on such Investments received by the Borrower or its other

Restricted Subsidiaries on or prior to such date) are deemed to be made at the time of such designation and qualify at the time of such designation as Specified Project Finance Investments;

and (c) each Restricted Subsidiary of the Borrower that is a Subsidiary of such International Project Finance Subsidiary.

"Investment Grade Date" has the meaning set forth in Section 5.15 hereof.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's (or its equivalent under any successor rating categories of Moody's) and BBB- by S&P (or its equivalent under any successor rating categories of S&P).

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees (other than Guarantees of Indebtedness of the Borrower or any of its Restricted Subsidiaries to the extent permitted by Section 5.04 hereof)), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and excluding trade payables of the Borrower and its Subsidiaries arising in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; provided that all transfers of assets (other than immaterial assets and goods and services provided in the ordinary course of business on arms' length terms or goods and services acquired pursuant to a construction or similar contract in which the Borrower or another Restricted Subsidiary is acting as contractor or in a similar capacity for a project entered into on arms' length terms in the ordinary course of business) by the Borrower and its other Restricted Subsidiaries to a Project Finance Subsidiary or an International Project Finance Subsidiary on or after the date hereof will be deemed to be an Investment by the Borrower or such Restricted Subsidiary in an amount equal to the Fair Market Value thereof. If the Borrower or any Subsidiary of the Borrower sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Borrower such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Borrower, the Borrower will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in paragraph (c) of Section 5.03 hereof. The acquisition by the Borrower or any Subsidiary of the Borrower of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Borrower or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person in an amount determined as provided in paragraph (c) of Section 5.03 hereof. Except as otherwise provided in this Agreement, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

"Issuing Bank" means each Initial Issuing Bank or any Eligible Assignee to which a portion of the Letter of Credit Commitment hereunder has been assigned pursuant to Section 9.06 so long as such Eligible Assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Applicable Lending Office (which information shall be recorded by the Agent in the Register), for so long as such Initial Issuing Bank or Eligible Assignee, as the case may be, shall have a Letter of Credit Commitment.

"L/C Related Documents" has the meaning specified in Section 2.05(b)(i).

"Lenders" means, collectively, the Initial Lenders, the Initial Issuing Banks and each Person that shall become a party hereto pursuant to Section 9.06.

"Letter of Credit" has the meaning specified in Section 2.01(b).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit Commitment" means, with respect to each Initial Issuing Bank, the Dollar amount set forth opposite such Initial Issuing Bank's name on the signature pages hereto under the caption "Letter of Credit Commitment" or, if such Issuing Bank has entered into one or more Assignment and Acceptances, the Dollar amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 9.06(d) as such Issuing Bank's "Letter of Credit Commitment", in either case as such Dollar amount is reduced pursuant to Sections 5.07 or 5.14.

"Letter of Credit Facility" means, at any time, an amount equal to the least of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments at such time, (b) $100,000,000 and (c) the aggregate amount of the Revolving Credit Commitments.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"London Banking Day" means any day in which dealings in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender or any other Person under this Agreement, any Note or in connection with any Letter of Credit or (c) the ability of the Borrower to perform its obligations under this Agreement, any Note or in connection with any Letter of Credit.

"Material Indebtedness" means Indebtedness of the Borrower or its Restricted Subsidiaries for borrowed money in an aggregate principal amount in excess of $100,000,000 (at the applicable date of determination thereof).

"Moody's" means Moody's Investors Service, Inc. and its successors.

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

"Multiple Employer Plan" means an employee benefit plan, other than a Multiemployer Plan, subject to Title IV of ERISA to which the Borrower, any Subsidiary or any ERISA Affiliate and

more than one employer other than the Borrower, any Subsidiary or an ERISA Affiliate is making or accruing an obligation to make contributions, has within any of the preceding five plan years made or accrued an obligation to make contributions or, in the event that any such plan has been terminated, to which the Borrower, any Subsidiary or any ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (a) any Asset Sale or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries;

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss; and

(3) non-cash asset write-downs or write-ups with respect to reserves in respect of Oil and Gas Properties.

"Net Proceeds" means the aggregate cash proceeds received by the Borrower or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of, in each case as reasonably established by the Borrower in good faith, (a) the costs or expenses (including, without limitation, severance costs) relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (b) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale or which must by its terms, or in order to obtain a necessary consent to such Asset Sale or by applicable law, be repaid out of the proceeds of such Asset Sale and (c) any reserve or provision for adjustment in respect of the sale price of such asset or assets or costs of such Asset Sale.

"New RMT Loan" means the Term Loan Agreement dated as of May 30, 2003 among Williams Production Holdings LLC, Williams Production RMT Company, as borrower, the "Lenders", "Arrangers", "Co-Syndication Agents" and "Documentation Agent" referred to therein, and Lehman Commercial Paper Inc., as Administrative Agent, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and as the same may further be amended, modified, renewed, refunded, replaced or refinanced from time to time.

"Non-Recourse Indebtedness" means Indebtedness:

(1) for which neither the Borrower nor any Restricted Subsidiary of the Borrower (other than (i) the relevant Project Finance Subsidiary or International Project Finance Subsidiary, in the case of Indebtedness satisfying the requirements of clause (3) of this definition and (ii) any pledge of Capital Stock of the relevant Project Finance Subsidiary or International Project Finance Subsidiary, or any other Lien permitted by clause (20) of the definition of Permitted Liens) is liable as borrower or guarantor (including pursuant to any agreement to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness, or to keep-well, maintain financial statement conditions of or purchase assets, goods, securities or services of such

Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, for purposes of assuring payment in whole or in part of such Indebtedness or interest thereon, other than any contract entered into in the ordinary course of business on arms' length terms so long as the obligations of the Borrower and its Restricted Subsidiaries under all such contracts related to any such Indebtedness do not represent a majority of the contractual obligations related to such Indebtedness);

(2) no default with respect to which would permit (upon notice, lapse of time or otherwise) any holder of other Material Indebtedness (other than of the relevant Project Finance Subsidiary or International Project Finance Subsidiary) other than any Indebtedness outstanding on the date hereof of the Borrower or any Restricted Subsidiary of the Borrower to declare a default on that other Material Indebtedness other than any Indebtedness outstanding on the date hereof or cause payment thereon to be accelerated or payable prior to its Stated Maturity;

(3) in the case of Indebtedness of a Project Finance Subsidiary or International Project Finance Subsidiary,

(a) which is incurred by such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, in order to (i) finance the costs associated with the acquisition, construction, development and operation of fixed assets and related assets by such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, from a Person other than the Borrower and its Restricted Subsidiaries (other than immaterial assets, goods and services provided in the ordinary course of business on arms' length terms or goods and services acquired pursuant to a construction or similar contract in which the Borrower or another Restricted Subsidiary is acting as contractor or in a similar capacity for a project entered into on arms' length terms in the ordinary course of business) or (ii) refinance in whole or in part Indebtedness satisfying the requirements of clause (i), Indebtedness incurred to refinance such Indebtedness or Specified Project Finance Investments in such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be, and

(b) for which the lenders or holders thereof agree that they will look for payment solely to (i) the assets (and income and proceeds therefrom) acquired, developed or constructed with the proceeds of such Indebtedness or Specified Project Finance Investments in such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be or (ii) Capital Stock of such Project Finance Subsidiary or International Project Finance Subsidiary, as the case may be.

Notwithstanding anything to the contrary above, the Indebtedness of any International Project Finance Subsidiary specified in clause (a) of the definition thereof, or any Subsidiary thereof, outstanding on the date hereof pursuant to the terms in effect on the date hereof (or any subsequent amendment thereto that does not materially increase the actual or potential liability of the Borrower or any Restricted Subsidiary (except such International Project Finance Subsidiary or its Subsidiaries)), shall be deemed to be "Non-Recourse Indebtedness".

"Note" means a Revolving Credit Note.

"Notice Lenders" means at any time Lenders owed at least 25% in interest of the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least 25% in interest of the Revolving Credit Commitments.

"Notice of Issuance" has the meaning specified in Section 2.03(a).

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

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officers' Certificate" means a certificate signed by any of the Chairman of the Board, the President, a Vice President, the Controller, the Treasurer of the Borrower or the Assistant Treasurer and delivered by or on behalf of the Borrower. Each such certificate shall include the statements provided for in Section 9.15, unless otherwise provided.

"Oil and Gas Agreements" means operating agreements, processing agreements, farm-out and farm-in agreements, development agreements, area of mutual interest agreements, contracts for the gathering and/or transportation of oil and natural gas, unitization agreements, pooling arrangements, joint bidding agreements, joint venture agreements, participation agreements, surface use agreements, service contracts, tax credit agreements, leases and subleases of Oil and Gas Properties or other similar customary agreements, transactions, properties, interests or arrangements, howsoever designated, in each case made or entered into in the ordinary course of business as conducted by the Borrower and its Restricted Subsidiaries.

"Oil and Gas Business" means (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" means (a) Hydrocarbon Interests; (b) the Property now or hereafter pooled or unitized with Hydrocarbon Interests; (c) 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.

"Opinion of Counsel" means an opinion in writing signed by legal counsel who may be an employee of or counsel to the Borrower and who shall be reasonably satisfactory to the Agent. Each such opinion shall include the applicable statements, if any, provided for in Section 9.15, unless otherwise provided.

"Original Currency" has the meaning specified in Section 9.12(a).

"Other Currency" has the meaning specified in Section 9.12(a).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Business" means the lines of business conducted by the Borrower and its Restricted Subsidiaries on the date hereof and any business incidental or reasonably related thereto or which is a reasonable extension thereof and any business of providing services and products in the energy market and any business incidental or reasonably related thereto.

"Permitted Investments" means:

(1) any Investment in the Borrower or in a Restricted Subsidiary of the Borrower other than a Project Finance Subsidiary or an International Project Finance Subsidiary;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Borrower or any Subsidiary of the Borrower in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Borrower, or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary of the Borrower;

(4) any Investment made as a result of the receipt of non-cash consideration from any Asset Sale that was made pursuant to and in compliance with Section 5.14 hereof, or any non-cash consideration received in a transaction that was excluded from the definition of Asset Sale pursuant to clause (1) or (4) (for the sale or lease of equipment) pursuant to the second paragraph of such definition;

(5) any Investment in any Person to the extent in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Borrower;

(6) any purchase or other acquisition of senior debt of the Borrower or any Restricted Subsidiary (other than Indebtedness of the Borrower that is subordinated in right of payment to the Indebtedness created by this Agreement);

(7) any Investments received in compromise of obligations of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of

reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;

(8) Hedging Obligations incurred not for speculative purposes;

(9) Investments in a Securitization Subsidiary that are necessary or desirable to effect any Permitted Receivables Financing;

(10) Investments by the Borrower or any Restricted Subsidiary in the Discovery, Gulfstream, Aux Sable, Accroven, Cardinal, Pine Needle, Georgia Strait Crossing Project and other similar joint ventures existing on the date hereof in an aggregate amount for each such joint venture (exclusive of equity Investments therein existing on the date hereof) not in excess of the Borrower's direct or indirect equity percentage interest of the total Indebtedness of such joint venture on the date hereof, together with, in the case of Gulfstream, such percentage interest of additional Indebtedness incurred in accordance with expansions thereof that have been publicly announced prior to the date hereof;

(11) Investments by the Borrower or any Restricted Subsidiary in joint ventures and in Project Finance Subsidiaries operating primarily in a Permitted Business in an amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value) which, taken together with the amount of all other Investments made after the date hereof in reliance on this clause (11), does not exceed 10% of Consolidated Net Tangible Assets at any one time outstanding;

(12) reclassification of any Investment initially by the Borrower or any Restricted Subsidiary in the form of equity as a loan or advance, and reclassification of any Investment initially made in the form of a loan or advance as equity; provided in each case that the amount of such Investment is not increased thereby;

(13) Investments in any Person by the Borrower or any Restricted Subsidiary after the date hereof in reliance on this clause (13) in an amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value) which, taken together with all other Investments made pursuant to this clause (13), does not exceed $150 million at any one time outstanding;

(14) loans and advances to employees in the ordinary course of business of the Borrower or its Restricted Subsidiaries as presently conducted, when taken together with all other loans and advances made pursuant to this clause that are at the time outstanding not to exceed $10 million;

(15) Investments made by the Borrower or any Restricted Subsidiary of the Borrower in International Project Finance Subsidiaries for the purposes of any Specified International Projects in accordance with applicable laws in an amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value) which, taken together with all other Investments made after the date hereof in reliance on this clause (15), does not exceed $150 million plus the amount of cash return on Investments in such Specified International Projects received by the Borrower and its Restricted Subsidiaries since the date hereof; and

(16) Investments by a Project Finance Subsidiary and its Subsidiaries or an International Project Finance Subsidiary and its Subsidiaries in each other.

"Permitted Liens" means:

(1) Liens of the Borrower and any Restricted Subsidiary securing any Credit Facility to the extent permitted by the terms of this Agreement to be incurred and all Obligations and Hedging Obligations relating to such Indebtedness (but excluding any Credit Facility with any Subsidiary or other Affiliate of the Borrower, as lender);

(2) Liens (i) in favor of the Borrower, or (ii) on property of a Restricted Subsidiary in favor of another Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with or acquired by the Borrower or any Restricted Subsidiary of the Borrower or renewals or replacement of such Liens in connection with the incurrence of Permitted Refinancing Indebtedness to refinance Indebtedness secured by such Liens; provided that such Liens were in existence prior to the contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition of the property by the Borrower or any Restricted Subsidiary of the Borrower or renewals or replacement of such Liens in connection with the incurrence of Permitted Refinancing Indebtedness to refinance Indebtedness secured by such Liens; provided that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of tenders, bids, statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) (x) permitted by clause (iv) of paragraph (b) of Section 5.04 hereof covering only the assets acquired with such Indebtedness or similar assets acquired in connection with the incurrence of such Permitted Refinancing Indebtedness or (y) permitted by clause (v) of such paragraph, to the extent that such Permitted Refinancing Indebtedness is in respect of Indebtedness initially incurred under clause (4) (whether or not subsequently incurred as Permitted Refinancing Indebtedness);

(7) Liens existing on the date hereof;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens on assets of Unrestricted Subsidiaries;

(10) Liens on accounts receivable and related assets and proceeds thereof arising in connection with a Permitted Receivables Financing;

(11) Liens arising under Oil and Gas Agreements;

(12) any mortgage which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject

thereto and to be sold or delivered by the Borrower or one of its Restricted Subsidiaries, including any interest of the character commonly referred to as a "production payment";

(13) any mortgage created or assumed by a Restricted Subsidiary on oil, gas, coal or other mineral or timber property, owned or leased by a Restricted Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither the Borrower nor any other Subsidiary shall assume or guarantee such loans or otherwise be liable in respect thereto;

(14) Liens granted in cash collateral to support the issuance of letters of credit in an aggregate face amount not exceeding $100 million;

(15) Liens pursuant to master netting agreements entered into in the ordinary course of business in connection with Hedging Obligations;

(16) Liens with respect to Indebtedness and other obligations that at the time of incurrence do not exceed in the aggregate for all such obligations under this clause (16) 15% of the Consolidated Net Tangible Assets of the Borrower;

(17) Liens with respect to Permitted Refinancing Indebtedness incurred to refinance any Indebtedness of the Borrower or its Restricted Subsidiaries which has been secured by Liens permitted under Section 5.05; provided that such Liens do not extend to any property other than the property securing the Indebtedness refinanced by the Permitted Refinancing Indebtedness;

(18) Liens securing Non-Recourse Indebtedness of a Project Finance Subsidiary on the assets (and the income and proceeds therefrom) acquired, developed, operated and/or constructed with the proceeds of (a) such Non-Recourse Indebtedness or Specified Project Finance Investments in such Project Finance Subsidiary or (b) Non-Recourse Indebtedness or Investments referred to in clause (a) refinanced in whole or in part by such Non-Recourse Indebtedness;

(19) Liens securing Non-Recourse Indebtedness of any International Project Finance Subsidiary incurred in connection with any Specified International Project on the assets (and the income and proceeds therefrom) acquired, developed, operated and/or constructed with the proceeds of (a) such Non-Recourse Indebtedness or Specified Project Finance Investments in such International Project Finance Subsidiary or (b) Non-Recourse Indebtedness or Investments referred to in clause (a) refinanced in whole or in part by such Non-Recourse Indebtedness; and

(20) Liens on the Investments held by the Borrower and its Restricted Subsidiaries in a joint venture (other than a Restricted Subsidiary of the Borrower) securing Indebtedness and other obligations of such joint venture, or a Project Finance Subsidiary, Unrestricted Subsidiary or an International Project Finance Subsidiary securing Non-Recourse Indebtedness of such Project Finance Subsidiary, Unrestricted Subsidiary or International Project Finance Subsidiary, as the case may be.

"Permitted Receivables Financing" means any receivables financing facility or arrangement pursuant to which a Securitization Subsidiary purchases or otherwise acquires accounts receivable of the Borrower or any Restricted Subsidiaries and enters into a third party financing thereof on terms that the Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower has concluded are customary and market terms fair to the Borrower and its Restricted Subsidiaries.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Borrower or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Borrower or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith) and any premiums paid on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded;

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to this Agreement, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, this Agreement on terms at least as favorable to the Lenders, taken as a whole, as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred by none of the Borrower or any of its Subsidiaries other than the Borrower and the Subsidiaries who are the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

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

"Plan" means an employee benefit plan, other than a Multiemployer Plan, (a) which is maintained for employees of the Borrower, any Subsidiary or any ERISA Affiliate and which is subject to Section 302 or Title IV of ERISA or Section 412 of the Code or (b) with respect to which the Borrower, any Subsidiary or any ERISA Affiliate could be subjected to any liability under Section 302 or Title IV of ERISA (including Section 4069 of ERISA) or Section 412 of the Code. Without limitation on the foregoing, the term "Plan" includes any employee benefit plan for which the Borrower or any of its Subsidiaries or any ERISA Affiliate may have any liability arising from the joint and several liability provisions of Section 302 or Title IV of ERISA or Section 412 of the Code or from the maintenance or participation in any such plan by the Borrower or any of its Subsidiaries or any ERISA Affiliate, as a result of the Borrower or any of its Subsidiaries or any ERISA Affiliate being the successor in interest to any person maintaining or participating in any such plan or otherwise.

"Power Portfolio Disposition Transaction" means the sale, buyout, liquidation or material restructuring, not in the ordinary course of business, of a tolling or full requirements structured transaction in existence on the date hereof, and associated Hedging Obligations; provided that in the good faith belief of an executive officer of the Borrower, such sale, buyout, liquidation or restructuring is consistent with the effort to reduce the risk profile and overall financial commitment of the Borrower's Power business.

"Project Finance Subsidiary" means (a) any Restricted Subsidiary (other than an International Project Finance Subsidiary) of the Borrower created after the date hereof in order to acquire, construct, develop and/or operate fixed assets and related assets to be used in a Permitted Business:

(1) which is designated as a Project Finance Subsidiary by the Borrower's Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower,

(2) the Indebtedness of which (and of its Subsidiaries) is solely Non-Recourse Indebtedness, and

(3) all Investments by the Borrower or its Restricted Subsidiaries in such Project Finance Subsidiary and its Subsidiaries on or prior to the date of such designation, measured on the date each such Investment was made and without giving effect to subsequent changes in value, (less the amount of cash return on such Investments received by the Borrower or its other Restricted Subsidiaries on or prior to such date) are deemed to be made at the time of such designation and qualify at the time of such designation as Specified Project Finance Investments;

and (b) each Restricted Subsidiary of the Borrower that is a Subsidiary of such Project Finance Subsidiary.

"Property" means 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.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of (a) a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time (or, if the Revolving Credit Commitments shall have been reduced in full, such Lender's Revolving Credit Commitment as in effect immediately prior to such reduction) and the denominator of which is the aggregate amount of all Revolving Credit Commitments at such time (or, if the Revolving Credit Commitments shall have been reduced in full, the aggregate amount of all Revolving Credit Commitments as in effect immediately prior to such reduction) and (b) such amount.

"Qualifying Expansion Project" means any capital expansion project that has increased or will increase the physical capacity of the pipeline system of the Borrower and its Restricted Subsidiaries; provided that such project has been completed and the assets are in service at, or the Borrower reasonably believes that the in-service date of the project will be within eighteen months after, the Calculation Date.

"Qualifying Expansion Project Amounts" means with respect to any calculation of pro forma amounts under the Fixed Charge Coverage Ratio additional revenues (if any) and related expenses for any Qualifying Expansion Project for the portion of the four-quarter period prior to the in-service date of such Qualifying Expansion Project (the "Estimation Period"); provided that revenues and related expenses anticipated from any Qualifying Expansion Project during any Estimation Period shall be included in such calculation only to the extent (1) of the portion of the capacity of such Qualifying Expansion Project that is committed under a long-term firm transportation contract on customary terms (as determined in good faith by the Borrower) with a counterparty that has an Investment Grade Rating of its long-term debt from at least one of S&P and Moody's and (2) the aggregate amount of Qualifying Expansion Project Amounts for all Qualifying Expansion Projects included in any such calculation does not exceed 25% of the aggregate revenues of the Borrower and its Restricted Subsidiaries for such period, determined for this purpose on a pro forma basis but before inclusion of any Qualifying Expansion Project Amounts.

"Rating Agency" means each of S&P and Moody's, or if S&P or Moody's or both shall not make a rating on the Specified Security publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Borrower, which shall be substituted for S&P or Moody's, or both, as the case may be.

"Reference Banks" means Citibank, Deutsche Bank AG, J.P. Morgan Chase & Co. and Bank of America, N.A.

"Register" has the meaning specified in Section 9.06(d).

"Related Credit Agreement" means the Borrower's $400,000,000 Credit Agreement dated April 14, 2004.

"Related Interest Rate or Currency Hedge" means any Hedging Obligation entered into by the Borrower and/or any of its Restricted Subsidiaries of the type referred to in items (1) or (2) of the definition thereof, and provided that such Hedging Obligation was entered into with respect to other Indebtedness of the Borrower and/or its Restricted Subsidiaries to protect against fluctuations in interest rates or currency exchange rates with respect to such other Indebtedness.

"Required Lenders" means at any time Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Revolving Credit Commitments.

"Restricted Event" has the meaning specified in Section 8.01.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Revolving Credit Advance" means an advance by a Lender to the Borrower (i) as part of a Revolving Credit Borrowing, (ii) in connection with a Letter of Credit or (iii) in connection with the Conversion of a Eurodollar Rate Advance or a Base Rate Advance into a Specified LIBOR Rate Advance, and refers to a Base Rate Advance, a Eurodollar Rate Advance or a Specified LIBOR Rate Advance (each of which shall be a "Type" of Revolving Credit Advance).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Revolving Credit Commitment" means, with respect to any Lender at any time, (a) the Dollar amount set forth opposite such Lender's name on the signature pages hereto under the caption "Revolving Credit Commitment" or (b) if such Lender has entered into one or more Assignment and Acceptances, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.06(d) as such Lender's "Revolving Credit Commitment", in either case as such Dollar amount is reduced pursuant to Sections 5.07 or 5.14.

"Revolving Credit Note" means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.14 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

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

"Sale and Leaseback Transaction" means any arrangement with any Person (other than the Borrower or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing that would at such time be required to be capitalized on a balance sheet in accordance with GAAP, to the Borrower or a Restricted Subsidiary of any property or asset which has been or is to be sold or transferred by the Borrower or such Restricted Subsidiary to such Person or to any other Person (other than the Borrower or a Restricted Subsidiary), to which funds have been or are to be advanced by such Person.

"Secured Credit Agreement" means the Credit Agreement dated June 6, 2003 by and among the Borrower, Northwest Pipeline Corporation and Transcontinental Gas Pipe Line Corporation as Borrowers and the banks named therein as Banks, the "Issuing Banks", "Co-Lead Arrangers" and other parties referred to therein, and Citicorp USA, Inc., as Agent and Collateral Agent, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, replaced or refinanced from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

"Securitization Subsidiary" means a Subsidiary of the Borrower

(1) that is designated a "Securitization Subsidiary" by the Borrower's Board of Directors, the Chief Financial Officer or any other senior financial officer of the Borrower,

(2) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Permitted Receivables Financings and any activity necessary, incidental or related thereto,

(3) no portion of the Indebtedness or any other obligation, contingent or otherwise, of which

(a) is Guaranteed by the Borrower or any Restricted Subsidiary of the Borrower,

(b) is recourse to or obligates the Borrower or any Restricted Subsidiary of the Borrower in any way, or

(c) subjects any property or asset of the Borrower or any Restricted Subsidiary of the Borrower (other than any Capital Stock of such Securitization Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof, and

(4) with respect to which neither the Borrower nor any Restricted Subsidiary of the Borrower (other than an Unrestricted Subsidiary) has any obligation to maintain or preserve such its financial condition or cause it to achieve certain levels of operating results

other than, in respect of clauses (3) and (4), pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Permitted Receivables Financing.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article I, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Specified International Project" means the businesses, projects and other activities of the Borrower or any of its Subsidiaries in South America as of the date hereof and any reasonably related or incidental businesses, projects and other activities thereto.

"Specified Project Finance Investments" means:

(1) in respect of a Project Finance Subsidiary, Investments made by the Borrower and its other Restricted Subsidiaries in such Project Finance Subsidiary as Restricted Investments in accordance with Section 5.03 or as Permitted Investments (other than pursuant to clause (1) of the definition thereof), and

(2) in the case of an International Project Finance Subsidiary, Investments made by the Borrower and its other Restricted Subsidiaries in such International Project Finance Subsidiary: (a) as Restricted Investments in accordance with Section 5.03, (b) as Permitted Investments (other than pursuant to clause (1) of the definition thereof), or (c) in the case of an International Project Finance Subsidiary specified in clause (a) of the definition thereof, prior to the date hereof.

"Specified LIBOR Rate" means, with respect to a Specified LIBOR Rate Interest Period, the rate (expressed as a percentage per annum) for deposits in United States dollars for three-month periods beginning on the first day of such Specified LIBOR Rate Interest Period (or, if such first day is not a Specified LIBOR Rate Period End Date, beginning on the immediately preceding Specified LIBOR Rate Period End Date) that appears on the Telerate Page as of 11:00 a.m., London time, on the Specified LIBOR Rate Determination Date. If the Telerate Page does not include such a rate or is unavailable on a Specified LIBOR Rate Determination Date, the Agent will request the principal London office of each of four major banks in the London interbank market, as selected by the Agent, to provide such bank's offered quotation (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Specified LIBOR Rate Determination Date, to prime banks in the London interbank market for deposits in a Specified LIBOR Rate Representative Amount in United States dollars for a three-month period beginning on the first day of such Specified LIBOR Rate Interest Period (or, if such first day is not a Specified LIBOR Rate Period End Date, beginning on the immediately preceding Specified LIBOR Rate Period End Date). If at least two such offered quotations are so provided, the Specified LIBOR Rate for the Specified LIBOR Rate Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Agent will request each of three major banks in New York City, as selected by the Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., New York City time, on such Specified LIBOR Rate Determination Date, for loans in a Specified LIBOR Rate Representative Amount in United States dollars to leading European banks for a three-month period beginning on the first day of such Specified LIBOR Rate Interest Period (or, if such first day is not a Specified LIBOR Rate Period End Date, beginning on the immediately preceding Specified LIBOR Rate Period End Date). If at least two such rates are so provided, the Specified LIBOR Rate for the Specified LIBOR Rate Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, the Specified LIBOR Rate for the Specified LIBOR Rate Interest Period will be the Specified LIBOR Rate in effect with respect to the immediately preceding Specified LIBOR Rate Interest Period. Notwithstanding the foregoing, the Specified LIBOR Rate for the Specified LIBOR Rate Interest Period, if any, ending on or about August 1, 2004 will be 1.17% per annum.

"Specified LIBOR Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(iii).

"Specified LIBOR Rate Determination Date" means, with respect to a Specified LIBOR Rate Interest Period, the second London Banking Day preceding the first day of the Specified LIBOR

Rate Interest Period (or, if such first day is not a Specified LIBOR Rate Period End Date, preceding the immediately preceding Specified LIBOR Rate Period End Date).

"Specified LIBOR Rate Interest Period" means, for each Specified LIBOR Rate Advance, the period commencing on the date of the Conversion of any Base Rate Advance or Eurodollar Rate Advance into such Specified LIBOR Rate Advance and ending on the next following Specified LIBOR Rate Period End Date and, thereafter, each subsequent period commencing on the last day of the immediately preceding Specified LIBOR Rate Interest Period and ending on the next following Specified LIBOR Rate Period End Date; provided, however, that whenever the first day of any Specified LIBOR Rate Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Specified LIBOR Rate Interest Period, such Specified LIBOR Rate Interest Period shall end on the last Business Day of such succeeding calendar month.

"Specified LIBOR Rate Period End Date" means February 1, May 1, August 1 and November 1 of each year, commencing on August 1, 2004; provided that, whenever a Specified LIBOR Rate Period End Date would otherwise occur on a day other than a Business Day, such Specified LIBOR Rate Period End Date shall be deferred to the next succeeding Business Day; provided, however, that, if such deferral would cause such Specified LIBOR Rate Period End Date to occur in the next following calendar month, such Specified LIBOR Rate Period End Date shall occur on the next preceding Business Day.

"Specified LIBOR Rate Representative Amount" means a principal amount of not less than U.S. $1,000,000 for a single transaction in the relevant market at the relevant time.

"Specified Security" means, as of any date of determination, the security issued by the Borrower determined as follows: (a) the 8.625% Notes due June 1, 2010 or (b) if such security is no longer outstanding, the Borrower security outstanding and rated by both Rating Agencies as of such date with the lowest rating from either Rating Agency from the following list: the 7.625% Notes due July 15, 2019, the 7.875% Notes due September 1, 2021, the 7.5% Notes due January 15, 2031 or the 8.75% Notes due March 15, 2032 or (c) if none of such securities are outstanding or none are rated by both Rating Agencies, the senior unsecured debt rating of the Borrower.

"Stated Maturity" means, with respect to any installment of interest or principal on any Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness (as amended, modified or supplemented from time to time other than any change which makes earlier the date of any such payment made in contemplation of any such payment or the refinancing of such Indebtedness in whole or in part), and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any specified Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership (1) the sole general partner or the sole managing general partner of which is such Person or a Subsidiary of such Person or (2) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Telerate Page" means, as applicable, page 3750 (or any successor pages, respectively) of the Telerate Service of Moneyline Telerate (or any successor).

"Termination Date" means the earlier of (a) May 1, 2009 and (b) the date the Agent declares Advances to be accelerated pursuant to Section 6.01.

"Treasury Rate" means the yield to maturity (calculated on a semi-annual bond-equivalent basis) at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.15 (519), which has become publicly available at least two Business Days prior to the date of the related acceleration or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining period until the date specified in clause (a) of the definition of Termination Date (the "Remaining Period"); provided that if the Remaining Period expressed as a number of years (calculated to the nearest one-twelfth) is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if such Remaining Period is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Type" has the meaning specified in the definition of Revolving Credit Advance.

"Underfunding" means, with respect to any Plan, the excess, if any, of the "accumulated benefit obligations" (within the meaning of Statement of Financial Accounting Standards 87) under such Plan (determined using the actuarial assumptions and discount rate used with respect to such Plan in the most recent financial statements of the Borrower) over the fair market value of the assets held under the Plan.

"Unissued Letter of Credit Commitment" means, with respect to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit at the request of the Borrower in an amount equal to the excess of (a) the amount of its Letter of Credit Commitment over (b) the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

"Unrestricted Subsidiary" means (1) any Securitization Subsidiary or (2) any Subsidiary of the Borrower that is designated by the Board of Directors of the Borrower as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary under this clause (2):

(1) has no Indebtedness other than Non-Recourse Indebtedness;

(2) is not party to any agreement, contract, arrangement or understanding with the Borrower or any Restricted Subsidiary of the Borrower unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Borrower or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Borrower;

(3) is a Person with respect to which neither the Borrower nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or

(b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Borrower or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Borrower as an Unrestricted Subsidiary will be evidenced to the Agent by filing with the Agent the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 5.03 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Agreement and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Borrower as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 5.04 hereof, the Borrower will be in default thereunder. The Board of Directors of the Borrower may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Borrower of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under Section 5.04 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"Unused Commitment" means, with respect to each Lender at any time, (a) the amount of such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all the Letters of Credit outstanding at such time and (B) the aggregate principal amount of all Revolving Credit Advances made by each Issuing Bank pursuant to Section 2.03(c) that have not been ratably funded by such Lender and outstanding at such time.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

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

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 mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed, and all financial computations and determinations pursuant hereto shall be made, in accordance with GAAP consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Revolving Credit Advances and Letters of Credit. (a) Revolving Credit Advances. Without limiting each Lender's obligation to make a Revolving Credit Advance pursuant to Section 2.03(c), each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Commitment Termination Date in an aggregate amount not to exceed at any time such Lender's Unused Commitment at such time. Each Revolving Credit Borrowing, other than a Revolving Credit Advance pursuant to Section 2.03(c), 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 Revolving Credit Advances of the same Type (but limited to a Base Rate Advance or a Eurodollar Rate Advance) made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments; provided, however, that if there is no unused portion of the Revolving Credit Commitment of one or more Lenders at the time of any requested Revolving Credit Borrowing such Borrowing shall consist of Revolving Credit Advances made on the same day by the Lender or Lenders who do then have an Unused Commitment ratably according to the aggregate Unused Commitments. Within the limits of each Lender's Revolving Credit Commitment, the Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.09 and reborrow under this Section 2.01(a).

(b) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (each, a "Letter of Credit") for the account of the Borrower from time to time on any Business Day during the period from the Effective Date until the Commitment Termination Date (i) in an aggregate Available Amount for all Letters of Credit issued by all Issuing Banks not to exceed at any time the Letter of Credit Facility at such time, (ii) in an amount for each Issuing Bank not to exceed the amount of such Issuing Bank's Letter of Credit Commitment at such time and (iii) in an amount for each such Letter of Credit not to exceed an amount equal to the Unused Commitments of the Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the Borrower or the beneficiary to require renewal) later than 10 Business Days prior to the date specified in clause (a) of the definition of Termination Date. Within the limits referred to above, the Borrower may request the issuance of Letters of Credit under this Section 2.01(b), repay pursuant to Section 2.09 any Revolving Credit Advances resulting from drawings thereunder pursuant to Section 2.03(c) and request the issuance of additional Letters of Credit under this Section 2.01(b). The terms "issue", "issued", "issuance" and all similar terms, when applied to a Letter of Credit, shall include any increase, renewal, extension or amendment thereof.

SECTION 2.02. Making the Revolving Credit Advances. (a) Each Revolving Credit Borrowing shall be made on notice, given not later than (x) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances or (y) 10:00 A.M. (New York City time) on the Business Day of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or

telecopier or telex in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Advances comprising such Revolving Credit Borrowing (but limited to a Base Rate Advance or a Eurodollar Rate Advance), (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such Revolving Credit Borrowing make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion (as determined in accordance with Section 2.01(a)) of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 9.01.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any proposed Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than $5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.07 or 2.11 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than six separate Revolving Credit Borrowings.

(c) Each Notice of Revolving Credit Borrowing of the Borrower shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure by the Borrower to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit 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 Lender to fund the Revolving Credit Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Revolving Credit Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Revolving Credit Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Revolving Credit Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Revolving Credit Advances comprising such Revolving Credit Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing for purposes of this Agreement.

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

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by the Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent, prompt notice thereof by telex, telecopier or cable. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telex, telecopier or cable, confirmed promptly in writing, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) expiration date of such Letter of Credit (which shall not be later than 10 Business Days prior to the date specified in clause (a) of the definition of Termination Date), (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as such Issuing Bank may reasonably specify to the Borrower for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If the beneficiary and requested form of such Letter of Credit is acceptable to such Issuing Bank in its sole discretion (it being agreed that a Letter of Credit substantially in the form set forth in Exhibit E hereto (as modified by an Issuing Bank in its reasonable discretion to account for any change in any regulatory or legal restriction applicable to such Issuing Bank or for any internal policy, procedure or guideline of such Issuing Bank or its affiliates generally applicable to the issuance of letters of credit) is acceptable in form to all Initial Issuing Banks), such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower at its office referred to in Section 9.01 or as otherwise agreed with the Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the Available Amount of such Letter of Credit. The Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Pro Rata Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the Borrower on the date made, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Pro Rata Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is assigned in accordance with Section 9.06, reduced in accordance with Sections 5.07 or 5.14 or otherwise amended pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by such Issuing Bank of a Revolving Credit Advance, which shall be a Base Rate Advance, in the amount of such draft. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent, each Lender shall pay to the Agent such Lender's Pro Rata Share of such outstanding Revolving Credit Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Issuing Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the

outstanding principal amount of such Revolving Credit Advance to be funded by such Lender. Each Lender acknowledges and agrees that its obligation to make Revolving Credit Advances pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Pro Rata Share of an outstanding Revolving Credit Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Revolving Credit Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Revolving Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Revolving Credit Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (A) to each Lender and the Agent on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit during the preceding month and drawings during such month under all Letters of Credit and (B) to the Agent and each Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit. Each Issuing Bank shall provide the reports described in clauses (A) and (B) above to the Borrower upon the Borrower's request.

(e) Failure to Make Revolving Credit Advances. The failure of any Lender to make the Revolving Credit Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Revolving Credit Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Advance to be made by such other Lender on such date.

SECTION 2.04. Fees. (a) Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee (the "Facility Fee") (nonrefundable under any circumstances), payable quarterly in arrears, on the aggregate amount of such Lender's Revolving Credit Commitment from the Effective Date until the date specified in clause (a) of the definition of Termination Date (or, if later, the date of payment in full of all amounts payable hereunder (other than indemnities)), at a rate per annum equal to 3.25%; provided, however, that such Facility Fee shall cease to accrue upon payment in full of all amounts payable hereunder following the acceleration thereof under Section 6.01 due to an Event of Default unless such Event of Default occurred by reason of any willful action or inaction taken or not taken by or on behalf of the Borrower or its Subsidiaries with the intention of avoiding continued payment of the Facility Fee, in which case the present value of the Facility Fee that would otherwise accrue until the date specified in clause (a) of the definition of Termination Date, discounted at the Treasury Rate plus 50 basis points, as determined by the Agent, will become immediately due and payable to the extent permitted by law upon acceleration of the amounts payable hereunder. The Facility Fee shall accrue for each period from one Facility Fee Period End Date (or, in the case of the first such period, the Effective Date) to the next following Facility Fee Period End Date (or, in the case of any reduction in such Lender's Revolving Credit Commitment, to the date of such reduction)

and shall be payable one Business Day before such following Facility Fee Period End Date (or, as applicable, before such date of reduction). The Facility Fee will continue to accrue on the amount by which the Revolving Credit Commitment is being reduced until payment in full of all amounts payable in respect of such reduction.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be separately agreed between the Borrower and the Agent.

(c) Initial Fee. The Borrower agrees to pay to the Agent for the account of each Lender an initial fee (nonrefundable under any circumstances) equal to 1.375% of the aggregate Revolving Credit Commitments, payable on or before the Effective Date.

(d) Additional Fees. The Borrower shall pay to Citibank for its own account such fees as may from time to time be separately agreed between the Borrower and Citibank.

SECTION 2.05. Repayment of Revolving Credit Advances. (a) The Borrower shall repay to the Agent for the ratable account of the Lenders, (i) on the Termination Date, the aggregate principal amount of the Revolving Credit Advances then outstanding and (ii) the aggregate principal amount of each Revolving Credit Advance made after the Termination Date as the result of a drawing under a Letter of Credit on the date of such advance (unless such drawing is reimbursed under the related Letter of Credit Agreement).

(b) The obligations of the Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by the Borrower is without prejudice to, and does not constitute a waiver of, any rights the Borrower might have or might acquire as a result of the payment by any Lender of any draft or the reimbursement by the Borrower thereof):

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of the Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.

SECTION 2.06. Interest on Revolving Credit Advances. (a) Scheduled Interest. The Borrower shall pay interest to the Agent for the ratable account of the Lenders on the unpaid principal amount of each Revolving Credit Advance owing to each Lender from the date of such Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Revolving Credit Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears monthly on the last day of each calendar month during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Revolving Credit Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving Credit Advance to the Eurodollar Rate for such Interest Period for such Revolving Credit Advance, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than one month, on each day that occurs during such Interest Period every month from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(iii) Specified LIBOR Rate Advances. During such periods as such Revolving Credit Advance is a Specified LIBOR Rate Advance, a rate per annum equal at all times during each Specified LIBOR Rate Interest Period to the Specified LIBOR Rate for such Specified LIBOR Rate Interest Period, payable in arrears on the last day of such Specified LIBOR Rate Interest Period and on the date such Specified LIBOR Rate Advance shall be paid in full.

SECTION 2.07. Interest Rate Determination. (a) Each Reference Bank that is a party hereto agrees to furnish to the Agent timely information for the purpose of determining each Eurodollar Rate if the applicable Telerate Page is unavailable. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.06(a)(i), (ii) or (iii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.06(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Agent that (i) they are unable to obtain matching deposits in the London interbank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective Revolving Credit Advances as part of such Borrowing during its Interest Period or (ii) the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the

cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, 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 obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (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 obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(f) If the Telerate Page is unavailable and fewer than two Reference Banks furnish timely information to the Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances,

(ii) with respect to Eurodollar Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(g) On the date the Agent declares the obligation of a Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated pursuant to Section 9.06(a), each Eurodollar Rate Advance and Base Rate Advance with respect to the assigned portion of this Agreement will automatically Convert into a Specified LIBOR Rate Advance.

SECTION 2.08. Optional Conversion of Revolving Credit Advances. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.07 and 2.11, Convert all Revolving Credit Advances of the Type of either a Eurodollar Rate Advance or a Base Rate Advance comprising the same Borrowing into Revolving Credit Advances of the other such Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate

Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.09. Prepayments of Revolving Credit Advances. Except as provided in Sections 5.07 or 5.14, the Borrower may, upon notice at least two Business Days' prior to the date of such prepayment, in the case of Eurodollar Rate Advances, and not later than 11:00 A.M. (New York City time) on the date of such prepayment, in the case of Base Rate Advances or Specified LIBOR Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof, (y) in the event of any such prepayment of a Eurodollar Rate Advance or a Specified LIBOR Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.03(c) and (z) no prepayment may be made by the Borrower during the 25 days prior to and including the date specified in clause (a) of the definition of Termination Date.

SECTION 2.10. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), there shall be any increase in the cost to any Eligible Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding for purposes of this Section 2.10 any such increased costs resulting from (i) withholding taxes with respect to payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the law of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Eligible Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Eligible Lender additional amounts sufficient to compensate such Eligible Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Eligible Lender, shall be prima facie evidence of the amount of such additional amounts. No Eligible Lender shall have any right to recover any additional amounts under this Section 2.10(a) for any period more than 90 days prior to the date such Eligible Lender notifies the Borrower of any such amounts.

(b) If any Eligible Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational 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 Eligible Lender or any corporation controlling such Eligible Lender and that the amount of such capital is increased by or based upon the existence of such Eligible Lender's commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of this type or the issuance of or participation in the Letters of Credit (or similar contingent obligations), then, upon demand by such

Eligible Lender on the Borrower accompanied by a certificate (which certificate shall specify in reasonable detail the nature of such change in capital requirements, the proposed (or actual) compliance change to be adopted by the applicable Eligible Lender and the calculation upon which any compensation is claimed hereunder) with a copy of such demand and certificate to the Agent, the Borrower shall pay to the Agent within five Business Days of receipt of demand for payment for the account of such Eligible Lender, from time to time as specified by such Eligible Lender, additional amounts sufficient to compensate such Eligible Lender or such corporation in the light of such circumstances, to the extent that such Eligible Lender reasonably determines such increase in capital to be allocable to the existence of such Eligible Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the Borrower and the Agent by such Eligible Lender shall be prima facie evidence of such amounts, absent manifest error. No Eligible Lender shall have any right to recover any additional amounts under this Section 2.10(b) for any period more than 90 days prior to the date such Eligible Lender notifies the Borrower of any such amounts.

(c) Before making any demand under this Section 2.10, each Eligible Lender 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 Eligible Lender, be otherwise disadvantageous to such Eligible Lender.

SECTION 2.11. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (a) each such Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance and (b) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.12. Payments and Computations. (a) The Borrower shall make each payment hereunder and under any Notes, without regard to existence of any counterclaim, set-off, defense or other right that the Borrower may have at any time against any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transaction contemplated in this Agreement or any Note or any unrelated transaction, not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest, or fees ratably (other than amounts payable pursuant to Sections 2.10 or 9.03(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.06(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under any Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the 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 all computations of interest based on the Eurodollar Rate, the Specified LIBOR Rate or the Federal Funds Rate and of fees (including the Facility Fee) shall be made by the Agent 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 fees are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) 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 fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances or Specified LIBOR Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders 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 Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

(e) In respect of Specified LIBOR Rate Advances and the Facility Fee, all percentages resulting from any of the calculations hereunder will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

SECTION 2.13. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances owing to it (other than pursuant to Sections 2.10 or 9.03(c)) in excess of its Pro Rata Share of payments on account of the Revolving Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances owing to them 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, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's Pro Rata Share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.13 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 Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.14. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Revolving Credit Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Revolving Credit Advances. The Borrower agrees that upon request of any Lender to the Borrower (with a copy of such request to the Agent) to the effect that such Lender receive a Revolving Credit Note

to evidence (whether for purposes of pledge, enforcement or otherwise) the Revolving Credit Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Revolving Credit Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 9.06(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.15. Use of Proceeds. The proceeds of the Advances and issuances of Letters of Credit shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries and consistent with Section 4.01(g).

SECTION 2.16. Additional Interest on Eurodollar Rate Advances. The Borrower shall pay to each Eligible Lender, so long as such Eligible Lender 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 Eligible Lender to the Borrower, from the date of such Eurodollar Rate 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 (a) the Eurodollar Rate for the Interest Period for such Eurodollar Rate Advance from (b) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Eligible Lender for such Interest Period, payable on each date on which interest is payable on such Eurodollar Rate Advance. Such additional interest shall be determined by such Eligible Lender and notified to the Borrower through the Agent. A certificate as to the amount of such additional interest submitted to the Borrower and the Agent by such Eligible Lender shall be conclusive and binding for all purposes, absent manifest error. No Eligible Lender shall have the right to recover any additional interest pursuant to this Section 2.16 for any period more than 90 days prior to the date such Eligible Lender notifies the Borrower that additional interest may be charged pursuant to this Section 2.16.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Sections 2.01 and 2.03. Sections 2.01 and 2.03 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since December 31, 2003, except as otherwise publicly disclosed prior to the date hereof.

(b) There shall exist no action, Environmental Action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect other than the matters described on Schedule 3.01(b) hereto (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby, and there shall have been no material adverse change in the status, or financial effect on the Borrower or on the Borrower and its Subsidiaries taken as a whole, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(c) Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Borrower's public filings under the Securities Exchange Act of 1934 were or have become misleading, incorrect or incomplete in any material respect; without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have reasonably requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not reasonably acceptable to the Lenders), except to the extent that the failure to do so would not have a Material Adverse Effect, and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(e) The Borrower shall have notified each Lender and the Agent in writing as to the proposed Effective Date.

(f) The Borrower shall have paid all accrued and unpaid reasonably incurred fees and expenses of the Agent and the Lenders (including the accrued and unpaid reasonably incurred fees and expenses of counsel to the Agent).

(g) On the Effective Date, the following statements shall be true and the Agent shall have received an Officer's Certificate, in sufficient copies for each Lender, signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date except where the failure for such representations and warranties to be correct would not have a Material Adverse Effect, and

(ii) No event has occurred and is continuing that constitutes a Default.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance reasonably satisfactory to the Agent and (except for the Revolving Credit Notes) in sufficient copies for each Lender:

(i) The Revolving Credit Notes to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.14.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary corporate action and governmental approvals (to the extent such documents are requested by any Lender), if any, with respect to this Agreement and such Notes.

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) A favorable opinion of James J. Bender, Esq., General Counsel to the Borrower and White & Case LLP, outside counsel for the Borrower, substantially in the form of Exhibits D-1 and D-2 hereto, respectively, and as to such other matters as any Lender through the Agent may reasonably request.

(v) Such other approvals, opinions or documents as any Lender, through the Agent, may reasonably request.

No information delivered by the Borrower pursuant to this Section 3.01 may be designated by the Borrower to be Confidential Information.

SECTION 3.02. Conditions Precedent to Each Revolving Credit Borrowing and Letter of Credit Issuance. The obligation of each Lender to make a Revolving Credit Advance (other than an Advance made by any Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Revolving Credit Borrowing and the obligation of each Issuing Bank to issue a Letter of Credit shall be subject to the following conditions precedent:

(a) That the Effective Date shall have occurred.

(b) On the date of such Revolving Credit Borrowing or issuance (and each of the giving of the applicable Notice of Revolving Credit Borrowing, Notice of Issuance and the acceptance by the Borrower of the proceeds of such Revolving Credit Borrowing or Letter of Credit shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or such issuance such statements are true) no event has occurred and is continuing, or would result from such Revolving Credit Borrowing or issuance or from the application of the proceeds therefrom, that constitutes (i) a Default with respect to Sections 6.01(a), (b), (c), (g) or (h) or (ii) an Event of Default.

SECTION 3.03. Determinations Under Sections 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto in reasonable detail. The Agent shall promptly notify the Lenders and the Borrower of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the law of the State of Delaware.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not and will not contravene, or cause or constitute a violation of, any provision of law or regulation or any provision of the Borrower's charter or by-laws or result in the breach of, or constitute a default or require any consent under, or result in the creation of any lien, charge or encumbrance upon any of the properties, revenues, or assets of the Borrower pursuant to, any indenture or other material agreement or instrument to which the Borrower is a party or by which the Borrower or its property may be bound or affected.

(c) No authorization, consent, approval (including any exchange control approval), license or other action by, and no notice to or filing or registration with, any governmental authority, administrative agency or regulatory body or any other third party (including any creditor) is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes to be delivered by it.

(d) This Agreement has been, and each of the Notes to be delivered by it when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, moratorium and similar laws affecting creditors rights generally).

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2003, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended (together with the notes to the financial statements of the Borrower and its Consolidated Subsidiaries), accompanied by an opinion of Ernst & Young LLP, independent public accountants, the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such date, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 2003, there has been no Material Adverse Change, except as otherwise publicly disclosed.

(f) There is no pending or, to the knowledge of the Borrower, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby, and there has been no material adverse change in the status, or financial effect on the Borrower or on the Borrower and its Subsidiaries taken as a whole, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(g) Neither the Borrower nor its Subsidiaries are 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 margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Following application of the proceeds of each Advance, not more than 25 percent of the value of the assets (either of the Borrower or of the Borrower and its relevant Subsidiaries

on a Consolidated basis) subject to any of the covenants contained in Article V will be margin stock (within the meaning of Regulation U).

(h) The Borrower is not, and immediately after the application of the proceeds of each Borrowing, will not be, (i) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, or (ii) a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(i) Neither this Agreement nor any other document delivered by or on behalf of the Borrower or any of its Affiliates in connection with this Agreement or included therein contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The Borrower and each of its Subsidiaries and ERISA Affiliates have met their minimum funding requirements under ERISA with respect to their Plans in all material respects and have not incurred liability to the PBGC in an amount in excess of $100,000,000, individually or in aggregate, other than for the payment of premiums, in connection with such Plans.

(k) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan and no condition or event currently exists or currently is expected to occur that could result in any ERISA Event.

(l) The Schedules B (Actuarial Information) to the most recent annual reports (Form 5500 Series) with respect to each Plan, copies of which have been filed with the Internal Revenue Service (and which will be furnished to any Lender through the Agent upon the request of such Lender through the Agent to the Borrower), are complete and accurate in all material respects and fairly present in all material respects the funding status of such Plans at such date.

(m) No amendment with respect to which security is required under Section 401(a)(29) of the Code or Section 307 of ERISA has been made or is reasonably expected to be made to any Plan. The aggregate Underfunding with respect to all Plans which have any Underfunding does not exceed $100,000,000.

(n) Neither the Borrower nor any of its Subsidiaries or ERISA Affiliates has incurred or reasonably expects to incur any Withdrawal Liability to any Multiemployer Plan in an amount in excess of $100,000,000, individually or in aggregate.

(o) Neither the Borrower nor any of its Subsidiaries or ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA. No Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in a reorganization or termination which might reasonably be expected to result in a liability of the Borrower or any of its Subsidiaries or ERISA Affiliates in an amount in excess of $100,000,000, individually or in aggregate.

(p) No default under any agreement or instrument evidencing any Indebtedness of the Borrower or any of its Subsidiaries has occurred and is continuing, and no such event will occur upon the occurrence of the Effective Date, other than any such default which could not be reasonably expected to have a Materially Adverse Effect.

(q) The operations and properties of the Borrower and its Subsidiaries taken as a whole comply in all material respects with all applicable Environmental Laws, all necessary Environmental Permits have been applied for or have been obtained and are in effect for the operations and properties of the Borrower and its Subsidiaries, and the Borrower and its Subsidiaries are in compliance in all material respects with all such Environmental Permits other than, in any such case, where any such failure could not be reasonably expected to have a Material Adverse Effect. Except as disclosed in Schedule 3.01(b), no circumstances exist that would be reasonably likely to form the basis of an Environmental Action against the Borrower or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Written Statement to Agent. The Borrower will deliver to the Agent on or before May 31 in each year (beginning with May 31, 2004) an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Borrower they would normally have knowledge of any default by the Borrower in the performance of any covenants contained in this Agreement, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof. At least one signatory to such Officers' Certificate shall be the principal executive officer, principal financial officer, Treasurer or principal accounting officer of the Borrower. No information delivered by the Borrower pursuant to this Section 5.01 may be designated by the Borrower to be Confidential Information.

SECTION 5.02. Commission Reports; Financial Statements. (a) Whether or not required by the Commission, the Borrower will furnish to the Agent (unless otherwise publicly available on or through the Commission's EDGAR system) within 30 days after the time periods specified in the Commission's rules and regulations:

(i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Borrower were required to file such reports, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations", and, with respect to the annual information only, a report on the annual financial statements by the Borrower's certified independent accountants; and

(ii) all current reports that would be required to be filed with the Commission on Form 8-K if the Borrower were required to file such reports.

(b) If the Borrower has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by paragraph (a) will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Borrower and its Restricted Subsidiaries excluding in all respects the Unrestricted Subsidiaries of the Borrower.

(c) On request from the Agent, the Borrower shall provide the Agent with a sufficient number of copies of all reports and other documents and information that the Agent may be required to deliver to Lenders pursuant to this Agreement, if any are so required.

(d) Delivery of such reports, information and documents to the Agent is for informational purposes only and the Agent's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the

Borrower's compliance with any of its covenants or the other provisions hereunder (as to which the Agent is entitled to rely exclusively on Officers' Certificates).

(e) No information delivered by the Borrower pursuant to this Section 5.02 may be designated by the Borrower to be Confidential Information.

SECTION 5.03. Limitation On Restricted Payments. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Borrower's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Borrower or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Borrower's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Borrower or to the Borrower or a Restricted Subsidiary of the Borrower);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Borrower) any Equity Interests of the Borrower;

(iii) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Borrower that is subordinated in right of payment to the Indebtedness created by this Agreement, except a payment of principal at the Stated Maturity thereof; or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment, no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(i) The Borrower would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 5.04 hereof, and

(ii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Borrower and its Restricted Subsidiaries after the date hereof (excluding Restricted Payments permitted by clauses (ii), (iii), (v) and (vii) of the next succeeding paragraph), is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of the Borrower for the period (taken as one accounting period) beginning with the first day of the fiscal quarter commencing July 1, 2004 and ending on the last day of the Borrower's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(2) 100% of the aggregate net cash proceeds received by the Borrower (including the Fair Market Value of any Permitted Business or assets used or useful in a Permitted Business to the extent acquired in consideration of Equity Interests of the Borrower (other than Disqualified Stock)) since June 23, 2003 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Borrower (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Borrower that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Restricted Subsidiary of the Borrower), plus

(3) to the extent that any Restricted Investment that was made after June 23, 2003 is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment, including, without limitation, repayment of principal of any Restricted Investment constituting a loan or advance (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment, plus

(4) to the extent that any Unrestricted Subsidiary of the Borrower is redesignated as a Restricted Subsidiary after the date hereof, the lesser of (i) the Fair Market Value of the Borrower's Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary.

(b) Notwithstanding the foregoing, the preceding provisions of this Section 5.03 shall not prohibit:

(i) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of this Agreement;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Borrower or of any Equity Interests of the Borrower in exchange for, or out of the net cash proceeds of, the substantially concurrent sale (other than to a Restricted Subsidiary of the Borrower) of Equity Interests of the Borrower (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (ii)(2) of the preceding paragraph;

(iii) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Borrower with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(iv) quarterly dividends paid pro rata on outstanding common stock of the Borrower in an amount of up to $0.05 per share, provided that (A) such per share amount shall be adjusted proportionately upon any reclassification, split, combination, special distribution of common stock to holders thereof or similar event such that (x) the per share amount multiplied by the number of such shares outstanding, in each case determined immediately before giving effect to such event is equal to (y) the per share amount multiplied by the number of such shares outstanding, in each case determined immediately after giving effect to such event and (B) in no event shall the aggregate quarterly amount payable pursuant to this clause exceed by 20% the

aggregate quarterly amount that would be payable on all shares of common stock outstanding on the date hereof if a quarterly dividend payment of $0.05 per share were payable on the date hereof;

(v) the payment of any distribution, payment or dividend by a Restricted Subsidiary of the Borrower, on a pro rata basis to all holders or on a basis more favorable to the Borrower and its Restricted Subsidiary, to the holders of such Restricted Subsidiary's Equity Interests;

(vi) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or acquisition or retirement for value of any Equity Interests of the Borrower held by any member of the Borrower's (or any of its Restricted Subsidiaries') management pursuant to any management equity subscription agreement, stock option agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $25.0 million in any twelve-month period and provided, further that if the amount so paid in any calendar year is less than $25.0 million, such shortfall may be used to so repurchase, redeem, acquire or retire Equity Interests in either of the next two calendar years in addition to the $25.0 million that may otherwise be paid in each such calendar year;

(vii) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, any Investment made in exchange for, or out of the net cash proceeds of, a substantially concurrent offering of Equity Interests of the Borrower; provided that the amount of any such net cash proceeds will be excluded from clause (ii)(2) of the preceding paragraph; and

(viii) other Restricted Payments in an aggregate amount since the date hereof not to exceed $200 million.

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Borrower or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 5.03 will be determined, in the case of amounts greater than $50 million but less than $150 million, by an officer of the Borrower and, in the case of amounts of $150 million or more, by the Board of Directors of the Borrower.

SECTION 5.04. Limitation On Incurrence Of Indebtedness And Issuance Of Preferred Stock. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "incur") with respect to any Indebtedness (including Acquired Debt), and the Borrower will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Borrower and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or the Borrower may issue Disqualified Stock, if the Fixed Charge Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) Paragraph (a) of this Section 5.04 will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Borrower or any Restricted Subsidiary of Indebtedness and letters of credit under any Credit Facilities to which the Borrower or any Restricted Subsidiary is a party in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the undrawn face amount thereof) not to exceed $2.0 billion;

(ii) the incurrence by the Borrower and its Restricted Subsidiaries of the Existing Indebtedness;

(iii) the incurrence by the Borrower of Indebtedness under this Agreement and the Related Credit Agreement;

(iv) the incurrence by the Borrower and any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Borrower or such Restricted Subsidiary, or Permitted Refinancing Indebtedness in respect of any Indebtedness incurred under this clause (iv) in an aggregate principal amount not to exceed $150 million at any time outstanding;

(v) the incurrence by the Borrower or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted to be incurred under paragraph (a) of this Section 5.04 or clauses (ii), (iii) or (v) of this paragraph (b);

(vi) the incurrence by the Borrower or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Borrower and any of its Restricted Subsidiaries; provided, however, that (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Borrower or a Restricted Subsidiary of the Borrower and (b) any sale or other transfer of any such Indebtedness to a Person that is not either the Borrower or a Restricted Subsidiary of the Borrower, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Borrower or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

(vii) the incurrence by the Borrower or any of its Subsidiaries of Hedging Obligations incurred not for speculative purposes;

(viii) the Guarantee by the Borrower of Indebtedness of any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this Section 5.04;

(ix) Indebtedness in respect of bankers acceptances, letters of credit and performance or surety bonds issued for the account of the Borrower or any of its Restricted Subsidiaries in the ordinary course of business in amounts and for the purposes customary in the Borrower's industry, in each case only to the extent that such incurrence does not result in the incurrence of any obligation to repay any borrowed money;

(x) Indebtedness arising from any agreement providing for indemnities, Guarantees, purchase price adjustments, holdbacks, contingency payment obligations based on the performance of the acquired or disposed assets or similar obligations (other than Guarantees of Indebtedness) incurred by any Person in connection with the acquisition or disposition of assets;

(xi) the incurrence by the Borrower or any of its Restricted Subsidiaries of Acquired Debt if the Fixed Charge Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of incurrence of Acquired Debt (the "Relevant Fixed Charge Coverage Ratio") determined immediately after giving effect to such incurrence and the related acquisition (including through a merger, consolidation or otherwise) is higher than the Relevant Fixed Charge Coverage Ratio determined immediately before giving effect to such incurrence and the related acquisition;

(xii) the incurrence by the Borrower or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (xii), not to exceed $500 million; and

(xiii) the incurrence of Non-Recourse Indebtedness by a Project Finance Subsidiary or International Project Finance Subsidiary; provided that if any Non-Recourse Indebtedness of a Project Finance Subsidiary or International Project Finance Subsidiary shall cease at any time to constitute Non-Recourse Indebtedness, such event will be deemed to constitute an incurrence of Indebtedness not covered by this clause (xiii).

(c) If any Non-Recourse Indebtedness of an Unrestricted Subsidiary shall at any time cease to constitute Non-Recourse Indebtedness or such Unrestricted Subsidiary shall be redesignated a Restricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary.

(d) For purposes of determining compliance with this Section 5.04:

(i) in the event that an item of proposed Indebtedness (including Acquired Debt) meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xiii) of paragraph (b) above, or is entitled to be incurred pursuant to paragraph (a) of this Section 5.04, the Borrower will be permitted to classify (or later classify or reclassify in whole or in part in its sole discretion) such item of Indebtedness in any manner that complies with this Section 5.04;

(ii) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 5.04; provided, in each such case, that, to the extent applicable, the amount thereof is included in the computation of Fixed Charges of the Borrower as accrued; and

(iii) for the purposes of determining compliance with any dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred.

SECTION 5.05. Limitation On Liens. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness or Attributable Debt (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired, unless this Agreement and all payments due under this Agreement are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien or, in the case of any obligation so secured that is expressly subordinated to this Agreement, by a Lien prior to any Liens securing any and all obligations thereby secured for so long as any such obligations shall be so secured.

SECTION 5.06. Limitation On Dividend And Other Payment Restrictions Affecting Subsidiaries. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to the Borrower or any of its Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Borrower or any of its Restricted Subsidiaries;

(ii) make loans or advances to the Borrower or any of its Restricted Subsidiaries; or

(iii) transfer any of its properties or assets to the Borrower or any of its Restricted Subsidiaries.

(b) Notwithstanding the foregoing, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements governing Existing Indebtedness and the Credit Facilities in effect on the date hereof and other customary encumbrances and restrictions existing on or after the date hereof that are not more restrictive in any material respect, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreements on the date hereof (provided that the application of such restrictions and encumbrances to additional Restricted Subsidiaries not subject thereto on the date hereof shall not be deemed to make such restrictions and encumbrances more restrictive);

(ii) this Agreement and other customary encumbrances and restrictions existing in indentures and notes after the date hereof that are not more restrictive, in any material respect, taken as a whole, with respect to such dividend and other payment restrictions than those contained in this Agreement;

(iii) applicable law (including without limitation, rules, regulations and agreements with regulatory authorities);

(iv) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Borrower or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Agreement to be incurred;

(v) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

(vi) Capital Lease Obligations, mortgage financings or purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (iii) of paragraph (a) of this Section 5.06;

(vii) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(viii) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(ix) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of Section 5.05 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(x) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements; provided that such restrictions apply only to the assets or property subject to such joint venture or similar agreement or to the assets or property being sold, as the case may be;

(xi) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(xii) restrictions applicable solely to Project Finance Subsidiaries or International Project Finance Subsidiaries pursuant to the terms of their Non-Recourse Indebtedness.

SECTION 5.07. Repayment Of Advances Upon A Change Of Control.

(a) The Borrower shall notify the Agent and each Lender of the occurrence of a Change of Control not later than 30 days following its occurrence (such notification, a "Change of Control Offer") and shall designate a Business Day not less than 28 Business Days or more than 60 days after the date notice of such occurrence is provided (or, if Borrower has not yet complied with paragraph (c), after the first date such paragraph is complied with) as the "Change of Control Payment Date".

(b) Each Lender shall be entitled to request, by providing notice to the Agent no later than three Business Days prior to the Change of Control Payment Date, that (i) such Lender's Revolving Credit Commitment and Letter of Credit Commitment be reduced, in whole or in part, on the Change of Control Payment Date in the amount specified by such Lender, and (ii) the Advances outstanding on the Change of Control Payment Date (in an amount not to exceed such Commitment reduction), interest thereon to the date of payment and other amounts payable under this Agreement to such Lender with respect to such Advances be due and payable on the Change of Control Payment Date, whereupon such Advances, such interest and such amounts shall become and be due and payable together with the Change of Control Premium for such Commitment reduction, and such Commitments shall be reduced, on the Change of Control Payment Date, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower. The Agent shall notify the Borrower of the aggregate amount of Commitment to be reduced on the Change of Control Payment Date pursuant to this provision (the "Change of Control Reduction Amount"). Commencing on the date of the occurrence of a

Change of Control and ending at such time as the Borrower has paid all amounts owing with respect to the Change of Control Payment Date, the Borrower shall not be entitled to repay Revolving Credit Advances pursuant to Section 2.09.

(c) Prior to complying with any of the provisions of this Section, but in any event within 30 days following a Change of Control, if the Borrower is subject to any agreement evidencing Indebtedness (or commitments to extend Indebtedness) that prohibits prepayment of the Advances pursuant to a Change of Control, the Borrower will either repay all such outstanding Indebtedness of the Borrower (and terminate all commitments to extend such Indebtedness), or obtain the requisite consents, if any, under all agreements governing such Indebtedness or commitments to permit the repayment of Advances required by paragraph (b) of this Section 5.07. The Borrower shall first comply with this paragraph (c) before it shall be required to designate a Change of Control Payment Date pursuant to paragraph (a) or repay Advances pursuant to paragraph (b). The Borrower's failure to comply with paragraph (c) may (with notice and lapse of time) constitute an Event of Default under Section 6.01(d) but shall not constitute an Event of Default under Section 6.01(c).

(d) The Borrower will comply with Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws or regulations are applicable in connection with the redemption by their issuer of any securities representing beneficial interests in or otherwise related to this Agreement as a result of a Change of Control, and the above procedures will be deemed modified as necessary to permit such compliance.

SECTION 5.08. Limitation On Transactions With Affiliates. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Borrower (each, an "Affiliate Transaction"), unless:

(i) the Affiliate Transaction is on terms that are no less favorable to the Borrower or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Restricted Subsidiary with an unrelated Person; and

(ii) the Borrower delivers to the Agent:

(1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50 million, a resolution of the Borrower's Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 5.08 and that such Affiliate Transaction has been approved by a majority of the disinterested members of such Board of Directors; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $150 million, an opinion as to the fairness to the Borrower or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of paragraph (a):

(i) any employment agreement or director's engagement agreement, employee benefit plan, officer indemnification agreement or similar agreement entered into by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business of the Borrower or such Restricted Subsidiary;

(ii) transactions between or among the Borrower and/or its Restricted Subsidiaries;

(iii) transactions with a Person that is an Affiliate of the Borrower solely because the Borrower owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(iv) payment of reasonable directors fees and provision to directors, officers and employees of customary indemnities and customary benefits pursuant to employee benefit plans and similar arrangements;

(v) sales of Equity Interests (other than Disqualified Stock) to Affiliates of the Borrower;

(vi) (A) corporate sharing agreements among the Borrower and its Subsidiaries with respect to tax sharing and general overhead and other administrative matters and (B) any other intercompany arrangements disclosed or described in the Borrower's report on Form 10-K for the fiscal year ended December 31, 2003 (including the exhibits thereto), all as in effect on the date hereof, and any amendment or replacement of any of the foregoing so long as such amendment or replacement agreement is not less advantageous to the Borrower in any material respect than the agreement so amended or replaced, as such agreement was in effect on the date hereof;

(vii) transactions entered into as part of a Permitted Receivables Financing;

(viii) Restricted Payments that are permitted by the provisions of Section 5.03 hereof;

(ix) loans or advances to employees in the ordinary course of business not to exceed $10 million in the aggregate outstanding at any one time; and

(x) any agreement, instrument or arrangement as in effect on the date hereof or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Lenders in any material respect than the original agreement as in effect on the date hereof as determined in good faith by the Chief Financial Officer or other senior financial officer of the Borrower.

SECTION 5.09. Designation Of Restricted And Unrestricted Subsidiaries. The Board of Directors of the Borrower may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; provided that in no event will the material businesses currently operated by Williams Production Holdings LLC or Williams Gas Pipeline Company LLC be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Borrower and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under any applicable provision of Section 5.03 or Permitted Investments, as determined by the Borrower. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of

Directors of the Borrower may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

SECTION 5.10. Limitation On Sale And Leaseback Transactions. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; provided that the Borrower or any of its Restricted Subsidiaries may enter into a Sale and Leaseback Transaction if:

(a) the Borrower could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction under the Fixed Charge Coverage Ratio test in Section 5.04(a) hereof;

(b) immediately after giving effect to such Sale and Leaseback Transaction, the aggregate outstanding Attributable Debt with respect to all Sale and Leaseback Transactions by the Borrower and its Restricted Subsidiaries does not exceed 10% of the Consolidated Net Tangible Assets of the Borrower; and

(c) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors and set forth in an Officers' Certificate, if such determination exceeds $10 million, delivered to the Agent, of the property that is the subject of that Sale and Leaseback Transaction;

provided, however, that the foregoing clauses (a) and (b) shall no longer be applicable after any Investment Grade Date.

SECTION 5.11. Business Activities. The Borrower will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Borrower and its Subsidiaries taken as a whole.

SECTION 5.12. Payments For Consent. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Lender, participant or sub-participant or any holder of a beneficial interest in the foregoing, for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Agreement or the Notes unless such consideration is offered to be paid and is paid to all Lenders, participants or sub-participants or holders of a beneficial interest in the foregoing that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 5.13. Limitation On Mergers, Consolidations And Sales Of Assets. (a) The Borrower may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Borrower is the surviving Person); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Borrower and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(i) either: (A) the Borrower is the surviving Person; or (B) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a Person organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made expressly assumes in form reasonably satisfactory to the Agent all the obligations of the Borrower under this Agreement, the Notes, the L/C Related Documents and any other related agreements specified by the Agent in its reasonable discretion and delivers to the Agent an Opinion of Counsel to the effect that each of those agreements has been duly authorized, executed and delivered by such Person and constitutes a valid and binding obligation of such Person, enforceable against such Person in accordance with its terms (subject to customary exceptions);

(iii) immediately after such transaction no Default or Event of Default exists; and

(iv) the Borrower or the Person formed by or surviving any such consolidation or merger (if other than the Borrower), or to which such sale, assignment, transfer, conveyance or other disposition has been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in paragraph (a) of Section 5.04 hereof; provided, however, that this clause (iv) shall no longer be applicable from and after any Investment Grade Date.

(b) Notwithstanding the foregoing, the Borrower may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

(c) Clause (iv) of paragraph (a) above will not apply to (x) a consolidation or merger or any sale, assignment, transfer, conveyance or other disposition of assets between or among the Borrower and any of its Restricted Subsidiaries or (y) a merger between the Borrower with an Affiliate solely for the purpose of reincorporating the Borrower or reforming in another jurisdiction; provided that such consolidation or merger or any sale, assignment, transfer, conveyance or other disposition of assets is not materially detrimental to the Lenders.

SECTION 5.14. Limit on Asset Sales.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Borrower (or the Restricted Subsidiary, as the case may be) exchanges consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) for any agreement to make an Asset Sale that is entered into after the date hereof, the Fair Market Value is determined by (a) an executive officer of the Borrower if the value is more than $10 million but less than $75 million or (b) the Borrower's Board of Directors if the value is $75 million or more, as evidenced by a Board Resolution; and

(iii) the consideration received in the Asset Sale by the Borrower or such Restricted Subsidiary is in the form of (a) cash or Cash Equivalents or (b) other property provided that such other property, taken together with all other property received for Asset Sales under this clause (b) since the date hereof, has a Fair Market Value of no more than 10% of the Consolidated Net Tangible Assets of the Borrower. For purposes of this provision, each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Borrower's or such Restricted Subsidiary's most recent balance sheet, of the Borrower or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Advances) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Borrower or such Subsidiary from further liability;

(2) any securities, notes or other obligations received by the Borrower or any such Restricted Subsidiary from such transferee that are converted by the Borrower or such Restricted Subsidiary into cash within 180 days of the relevant Asset Sale, to the extent of the cash received in that conversion; and

(3) property or assets received as consideration for such Asset Sale that would otherwise constitute a permitted application of Net Proceeds (or other cash in such amount) under clauses (ii), (iii) or (iv) under paragraph (b) of this Section 5.14.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Borrower or any of its Restricted Subsidiaries may apply an amount of cash equal to the amount of such Net Proceeds at its option:

(i) to repay or prepay Indebtedness of the Borrower or any Restricted Subsidiary other than Indebtedness of the Borrower subordinated in right of payment to the Borrower's obligations hereunder;

(ii) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business;

(iii) to make a capital expenditure; or

(iv) to acquire other long-term assets that are used or useful in a Permitted Business.

For purposes of Section 5.14(b) through (f), cash or Cash Equivalents received by the Borrower and its Restricted Subsidiaries pursuant to a transaction excluded from the definition of Asset Sale pursuant to clause (12) of the definition thereof will be deemed to be Net Proceeds.

(c) Subject to paragraph (e) of this Section 5.14, to the extent that the Borrower and its Restricted Subsidiaries do not apply an amount of cash equal to the amount of such Net Proceeds of any Asset Sale during such period as provided in paragraph (b) of this Section 5.14, the amount not so applied (excluding Net Proceeds of any Asset Sale to the extent of the amount of acquisitions or capital expenditures described under clauses (ii), (iii) or (iv) of paragraph (b) of this Section 5.14 made during the 365 days preceding the receipt of such Net Proceeds (other than any portion of such amount that was funded with Net Proceeds of any other Asset Sale or that has been allocated to exclude Net Proceeds of any other Asset Sales under this Section 5.14)) will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $50 million, the Borrower will make an offer to all Lenders and all holders of other Indebtedness that is pari passu with the Advances containing provisions similar to those set forth in this Section 5.14 with respect to offers to prepay, purchase or redeem with the proceeds of sales of assets to prepay, purchase or redeem, as applicable, the maximum principal amount of the Advances and aggregate Available Amount of all outstanding Letters of Credit (the Advances and such Available Amount is referred to collectively as "Asset Sale Obligations") and such other pari passu Indebtedness that may be prepaid, purchased or redeemed out of the Excess Proceeds (such an offer, an "Asset Sale Offer"). The prepayment amount with respect to the prepaid Asset Sale

Obligations in any Asset Sale Offer will be equal to 100% of the principal amount or Available Amount of such Asset Sale Obligations plus accrued and unpaid interest to the date of prepayment, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Borrower may use those Excess Proceeds for any purpose not otherwise prohibited by this Agreement. If the aggregate principal amount or Available Amount of Asset Sale Obligations for which the Lenders have elected prepayment and other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Excess Proceeds will be allocated by the Borrower to such Asset Sale Obligations and such other pari passu Indebtedness on a pro rata basis (based upon the respective principal amounts or Available Amount of such Asset Sale Obligations and such other pari passu Indebtedness tendered into such Asset Sale Offer). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(d) Prior to making any Asset Sale Offer, but in any event within 30 days following the date on which such Asset Sale Offer would otherwise be required, if the Borrower is subject to any agreement evidencing Indebtedness (or commitments to extend Indebtedness) that prohibits prepayment of the Asset Sale Obligations pursuant to an Asset Sale Offer, the Borrower will either repay all such outstanding Indebtedness of the Borrower (and terminate all commitments to extend such Indebtedness) or obtain the requisite consents, if any, under all agreements governing such Indebtedness or commitments to permit the prepayment of Asset Sale Obligations required by this Section 5.14. The Borrower shall first comply with this paragraph (d) before it shall be required to make an Asset Sale Offer or to prepay Asset Sale Obligations pursuant to this Section 5.14. The Borrower's failure to comply with this paragraph (d) may (with notice and lapse of time) constitute an Event of Default under Section 6.01(d) but shall not constitute an Event of Default under Section 6.01(c).

(e) In the event that, pursuant to this Section 5.14, the Borrower is required to commence an Asset Sale Offer, it shall follow the procedures specified below.

The Asset Sale Offer shall be made to all Lenders and to all holders of other Indebtedness that is pari passu with the Advances to the extent set forth above in this Section 5.14. The Asset Sale Offer will remain open for a period of at least 25 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "Offer Period"). On the third Business Day after the termination of the Offer Period (the "Purchase Date"), the Borrower shall apply all Excess Proceeds (the "Offer Amount") to the prepayment of Asset Sale Obligations and such other pari passu Indebtedness (on a pro rata basis, if applicable, as set forth above in this Section 5.14) or, if less than the Offer Amount has been tendered, all Asset Sale Obligations for which the Lenders have elected prepayment and other Indebtedness tendered in response to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Borrower will notify the Agent and each of the Lenders. The notice will contain all instructions and materials necessary to enable such Lenders to elect prepayment of Asset Sale Obligations pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(i) that the Asset Sale Offer is being made pursuant to this Section 5.14 and the length of time the Asset Sale Offer will remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Advance for which prepayment is not elected or that is not accepted for prepayment will continue to accrue interest;

(iv) that, unless the Borrower defaults in making such payment, any Advance accepted for prepayment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(v) that Lenders electing to have an Asset Sale Obligation prepaid pursuant to an Asset Sale Offer may elect to have Asset Sale Obligations prepaid in integral multiples of $1,000 only, and may elect prepayment in whole or in part of such Lender's Asset Sale Obligations;

(vi) that Lenders will be entitled to withdraw their election if the Borrower and the Agent receives, not later than the expiration of the Offer Period, a telex, facsimile transmission or letter setting forth the name of the Lender, the principal amount or Available Amount of the Asset Sale Obligations for which the Lender has elected prepayment and a statement that such Lender is withdrawing its election to have such Asset Sale Obligation repaid, in whole or in part; and

(vii) that, if the aggregate principal amount of Asset Sale Obligations for which prepayment is elected and other pari passu Indebtedness surrendered by holders exceeds the Offer Amount, the Borrower will select the Asset Sale Obligations and other pari passu Indebtedness to be prepaid, purchased or redeemed on a pro rata basis based on the principal amount or Available Amount of such Asset Sale Obligations and such other pari passu Indebtedness surrendered (with such adjustments as may be deemed appropriate so that only Asset Sale Obligations in denominations of $1,000, or integral multiples thereof, will be prepaid).

Commencing on the date Borrower commences an Asset Sale Offer and ending at such time as the Borrower has paid all amounts owing with respect to the Purchase Date, the Borrower shall not be entitled to repay Revolving Credit Advances pursuant to Section 2.09. On the Purchase Date, each Lender's Revolving Credit Commitment and Letter of Credit Commitment shall be reduced by the amount of Asset Sale Obligations of such Lender accepted by the Borrower for prepayment (the "Asset Sale Reduction Amount") and such Asset Sale Obligations shall become and be due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

On or before the Purchase Date, the Borrower shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Asset Sale Obligations or portions thereof for which prepayment is elected pursuant to the Asset Sale Offer, or if less than the Offer Amount has been elected or tendered, all Asset Sale Obligations for which prepayment is elected, and shall deliver to the Agent an Officers' Certificate stating that such Asset Sale Obligations or portions thereof were accepted for payment by the Borrower in accordance with the terms of this Section 5.14. The Borrower shall on the Purchase Date prepay an amount equal to the purchase price of the Asset Sale Obligations for which prepayment is elected by such Lender and accepted by the Borrower for prepayment. The Borrower will notify each Lender of the results of the Asset Sale Offer on the Business Day immediately following the termination of the Offer Period.

(f) The Borrower will comply with Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws or regulations are applicable in connection with the redemption by their issuer of any securities representing beneficial interests in or otherwise related to this Agreement as a result of an Asset Sale Offer, and the above procedures will deemed modified as necessary to permit such compliance.

SECTION 5.15. Covenant Termination. So long as any Revolving Credit Advance shall remain unpaid, any Letter of Credit or reimbursement obligation shall remain outstanding or any Revolving Credit Commitment or Letter of Credit Commitment shall remain outstanding, the Borrower will comply with Sections 5.01 through 5.14 of this Agreement. From and after the first date after the date hereof on which the Specified Security has an Investment Grade Rating from both Rating Agencies and no Default or Event of Default has occurred and is continuing with respect to this Agreement (the "Investment Grade Date"), the Borrower and its Restricted Subsidiaries will no longer be subject to Sections 5.03, 5.04, 5.06, 5.08, 5.09, 5.11, clause (a)(iv) of Section 5.13 and Section 5.14 hereof. The Borrower shall give the Agent prompt notice in an Officers' Certificate of the occurrence of the Investment Grade Date (provided that any failure to provide such notice shall not have any effect on the immediately preceding sentence).

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) failure by the Borrower to pay any principal of any Advance or Change of Control Premium when the same becomes due and payable; or

(b) failure by the Borrower to pay: (i) any Facility Fees; (ii) any interest on any Advance; (iii) any amount payable in respect of any Letter of Credit Agreement; or (iv) any other payment of fees or other amounts payable under this Agreement or any Note, in each case within thirty days after the same becomes due and payable; or

(c) failure by the Borrower to make payments required by Sections 5.07 or 5.14 hereof in accordance with the terms thereof, or failure of the Borrower to comply with the provisions of Section 5.13 hereof; or

(d) failure by the Borrower or any of its Restricted Subsidiaries for 60 days after notice, from the Agent or the Notice Lenders (with a copy to the Agent), to perform or observe any term, covenant or agreement contained in this Agreement on its, or their, as applicable, part to be performed or observed; or

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Borrower or any of its Restricted Subsidiaries (other than Non-Recourse Indebtedness of a Project Finance Subsidiary or International Project Finance Subsidiary) or the payment of which is Guaranteed by the Borrower or any of its Restricted Subsidiaries (other than a Guarantee arising solely from the imposition of a Lien on Capital Stock pursuant to clause (20) of the definition of "Permitted Liens"), whether such Indebtedness or Guarantee now exists, or is created after the date hereof, if that default:

(i) is caused by a failure of the Borrower or any Subsidiary of the Borrower to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100 million or more; or

(f) failure by the Borrower or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of $100 million, which judgments are not paid, discharged or stayed for a period of 60 days; provided that this clause (f) shall not apply to judgments against any Project Finance Subsidiary or International Project Finance Subsidiary whose Indebtedness is solely Non-Recourse Indebtedness; or

(g) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) or of any substantial part of the property of the Borrower or any of its Significant Subsidiaries, or ordering the winding up or liquidation of the affairs of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary), and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; provided that this clause (g) shall not apply to any Project Finance Subsidiary or International Project Finance Subsidiary whose Indebtedness is solely Non-Recourse Indebtedness; or

(h) the commencement by the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) or of any substantial part of the property of the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary), or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Borrower or any of its Significant Subsidiaries (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) in furtherance of any such action; provided that this clause (h) shall not apply to any Project Finance Subsidiary or International Project Finance Subsidiary whose Indebtedness is solely Non-Recourse Indebtedness;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Notice Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than

Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Notice Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, that any time after a declaration of acceleration described in clause (ii) has occurred and before a judgment for payment of the money due has been obtained by any Lender, the Required Lenders, by written notice to the Borrower and the Agent, may rescind and annul such declaration and its consequences (but not the termination of the obligations described in clause (i)) if the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, all existing Events of Default, other than the nonpayment of the principal of any Advance and interest on any Advances that have become due solely by the declaration of acceleration, have been cured or waived, and no such rescission shall affect any subsequent Default or impair any right consequent thereon; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the United States Bankruptcy Code of 1978, as amended, (A) the obligation of each Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 6.02. Notice of Default or Event of Default. The Agent shall not be deemed to have knowledge of a Default or Event of Default or of the identity of a Significant Subsidiary (or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary) unless a notice of such Default or Event of Default or of the identity of such Significant Subsidiary is received by the Agent pursuant to Section 9.01. The Borrower shall provide the Agent and the Lenders with notice in reasonable detail of a Default or Event of Default promptly after becoming aware of the occurrence thereof.

SECTION 6.03. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, make such arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders.

SECTION 6.04. Waiver Of Existing Defaults. Subject to Section 8.01 of this Agreement, the Required Lenders by notice to the Agent may waive an existing Default or Event of Default and its consequences, except (1) a continuing Default or Event of Default with respect to Sections 6.01(a) and (b) of this Agreement or (2) a continuing default in respect of a provision that under Section 8.01 of this Agreement cannot be amended without the consent of each Lender affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender (in its capacities as a Lender and an Issuing Bank (as applicable)) hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), 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 Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement, other than any notice the Borrower is obligated to provide directly to such Lender.

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 the Lender that made any Advance as the holder of the indebtedness resulting therefrom until the Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 9.06; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or the existence at any time of any Default or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and any Note issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank 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 its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders. The Agent shall have no duty to disclose information obtained or received by it or any of its Affiliates relating to the Borrower or its Subsidiaries to the extent such information was obtained or received in any capacity other than as Agent.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on publicly available information relating to the Borrower, the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the 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 decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent (to the extent not reimbursed by the Borrower), from and against such Lender's Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its Pro Rata Share of any out-of-pocket expenses (including reasonable 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. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks (to the extent not promptly reimbursed by the Borrower) from and against such Lender's Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Pro Rata Share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under Section 9.03, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrower.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank, as the case may be, promptly upon demand for its Pro Rata Share of any amount required to be paid by the Lenders to the Agent or such Issuing Bank, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or such Issuing Bank, as the case may be, for its Pro Rata Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any such Issuing Bank, as the case may be, for such other Lender's Pro Rata Share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 7.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes. The Agent and each Issuing Bank agrees to return to the Lenders their respective Pro Rata Shares of any amounts paid under this Section 7.05 that are subsequently reimbursed by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof having a combined capital and surplus of at least $500,000,000 and a long-term credit rating of at least "A3" from Moody's and "A-" from S&P. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations 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.

ARTICLE VIII

AMENDMENTS

SECTION 8.01. Amendments, Etc. with consent of Lenders. Except as provided in Section 8.02, no amendment or waiver of any provision of this Agreement or the Revolving Credit Notes, 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 Required Lenders, 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 Lenders, do any of the following: (a) waive any of the conditions specified in Sections 3.01 and 3.02, (b) subject the Lenders to any additional obligations, (c) increase the Commitments of the Lenders, (d) reduce the principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (e) postpone any date fixed for any payment of principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (f) change the percentage of the Revolving Credit Commitments, the aggregate Available Amount of outstanding Letters of Credit or of the aggregate unpaid principal amount of the Revolving Credit Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or (g) amend this Section 8.01 (each of clauses (a) through (g), a "Restricted Event"); and provided further that (x) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note and (y) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement.

SECTION 8.02. Amendments without consent of Lenders. (a) The Agent and the Borrower, when authorized by a resolution of its Board of Directors (which resolution may provide general terms or parameters for such action and may provide that the specific terms of such action may be determined in accordance with or pursuant to an Officers' Certificate), may from time to time and at any time amend this Agreement for one or more of the following purposes:

(i) to convey, transfer, assign, mortgage or pledge to the Lenders as security for the obligations hereunder any property or assets;

(ii) to evidence the succession of another corporation to the Borrower, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Borrower pursuant to Section 5.13;

(iii) to add to the covenants of the Borrower such further covenants, restrictions, conditions or provisions as the Borrower and the Agent shall consider to be for the protection of the Lenders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Agreement as herein set forth; provided, that in respect of any such additional covenant, restriction, condition or provision such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Agent or the Lender upon such an Event of Default or may limit the right of the Required Lenders to waive such an Event of Default; and

(iv) (x) to cure any ambiguity or to correct or supplement any provision contained herein or in any amendment which may be defective or inconsistent with any other provision contained herein or in any amendment, or (y) to make any other provisions as the Borrower may deem necessary or desirable, provided that in either case no such action shall adversely affect the interests of the Lenders.

(b) The Agent is hereby authorized to join with the Borrower in the execution of any such amendment, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Agent shall not be obligated to enter into any such amendment which affects the Agent's own rights, duties or immunities under this Agreement or otherwise.

(c) Any amendment authorized by the provisions of this Section may be executed without the consent of any Lenders.

(d) Promptly after the execution by the Borrower and the Agent of any amendment pursuant to the provisions of Section 8.02, the Borrower and the Agent shall give notice thereof to the Lenders. Any failure of the Borrower or the Agent to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

SECTION 8.03. Documents to Be Given to Agent. The Agent, subject to the provisions of Article VII, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any amendment or waiver executed pursuant to this Article VIII complies with the applicable provisions of this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed (return receipt requested), telecopied, telegraphed, telexed or delivered, if to the Borrower, its address at The Williams Companies, Inc., One Williams Center, Suite 5000, Tulsa, Oklahoma 74172, Attention: Patti Kastl, Facsimile No.: (918) 573-2065; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office

specified in the Assignment and Acceptance pursuant to which it became a Lender or as otherwise notified to the Borrower; and if to the Agent, at its address at Two Penns Way, Suite 110, New Castle, Delaware 19720, Attention: Global Loans Manager; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed or telexed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to the Agent pursuant to Article II, III, VI or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 9.02. Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. (a) No right or remedy herein conferred upon or reserved to the Agent or to the Lenders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(b) No delay or omission of the Agent or of any Lender to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Agreement or by law to the Agent or to the Lenders may be exercised from time to time, and as often as shall be deemed expedient, by the Agent or by the Lenders.

SECTION 9.03. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of outside counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all reasonable costs and expenses of the Agent and the Eligible Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of outside counsel for the Agent and each Eligible Lender in connection with the enforcement of rights under this Section 9.03(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent, each Eligible Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) 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 a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent

such claim, damage, loss, liability or expense has resulted from such Indemnified Party's (or any of its Affiliates) gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.03(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its Subsidiaries, its directors, shareholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance or Specified LIBOR Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period or Specified LIBOR Rate Interest Period, as applicable, for such Advance, as a result of a payment or Conversion pursuant to Sections 2.07, 2.09 or 2.11, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, 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 any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.10 and 9.03 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes and the termination in whole of any Commitment hereunder.

SECTION 9.04. Waiver of Set-off. Each Lender waives any right of setoff, counterclaim, deduction, diminution or abatement based upon any claim it may have against the Borrower under this Agreement.

SECTION 9.05. Binding Effect. This Agreement shall become effective (other than Sections 2.01 and 2.03, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 9.06. Assignments and Participations. (a) Each Lender may at any time assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment, its Unissued Letter of Credit Commitment, the Revolving Credit Advances owing to it, its participations in Letters of Credit and the Revolving Credit Note or Notes held by it); provided, however, that (i) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or a participant or sub-participant or owner of a beneficial interest thereof (and further assignments by such Persons or subsequent assignees) or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Revolving Credit Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 or an integral multiple of $1,000,000 in excess

thereof unless the Borrower and the Agent otherwise agree, (ii) each such assignment shall be to an Eligible Assignee, (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of an amount specified by the Agent, such amount not to exceed $3,500; provided, however, that the Agent may accept an Assignment and Acceptance executed by only the assignor where the assignee is an owner of a beneficial interest described in clause (iii) of the definition of Eligible Assignee, (iv) any Lender may, without the approval of the Borrower and the Agent, assign all or a portion of its rights to any of its Affiliates and (v) an Issuing Bank may assign all or a portion of its obligations only to (x) an Affiliate with a long-term credit rating no lower than that of the assignor from each of Moody's and S&P and with market acceptance by beneficiaries of letters of credit similar to that of the assignor in the reasonable judgment of the assignor and the Borrower, (y) an assignee or successor pursuant to operation of law or (z) an assignee or successor pursuant to a merger, consolidation or amalgamation with or into, or transfer of all or substantially all of the assignor's assets to, another entity. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.10 and 9.03 to the extent any claim thereunder relates to an event arising prior such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). If a Lender assigns all of its rights and obligations under all or a portion of this Agreement to one or more Persons to whom such Lender has previously sold a participation pursuant to Section 9.06(e) (so long as the Borrower has consented to the identity of the participant and the terms of such participation at the time of such sale, such consent not to be unreasonably withheld or delayed, and such participation has not been amended, modified or supplemented without the consent of Borrower, such consent not to be unreasonably withheld or delayed), on the date of such assignment the Agent shall declare the obligation of each Lender to make Advances (other than Revolving Credit Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated with respect to the assigned portion.

(b) By executing and delivering an Assignment and Acceptance or accepting an assignment, the Lender 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 Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other instrument or document furnished pursuant hereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received or has had the opportunity to request a copy of such documents and information as it has deemed appropriate to make its decision to enter into such Assignment and Acceptance or accept such assignment; (iv) such assignee will, independently and without reliance upon the Agent, such assigning 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 decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to

take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, 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 that by the terms of this Agreement are required to be performed by it as a Lender or as an Issuing Bank, as the case may be.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and, if applicable, an assignee representing that it is an Eligible Assignee, together with any Revolving Credit Note or Notes subject to such assignment, the 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, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(d) The Agent shall maintain at its address referred to in Section 9.01 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time in addition to the items set forth in Section 2.14(b) (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other Persons (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, without limitation, all or a portion of its Revolving Credit Commitment, its Unissued Letter of Credit Commitment, the Revolving Credit Advances owing to it, its participations in Letters of Credit and any Revolving Credit Note or Notes held by it); provided, however, that except as otherwise agreed by the parties hereto, (i) such Lender's obligations under this Agreement (including, without limitation, its Revolving Credit Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except, if the Borrower has consented to the granting of such right to such participant, such consent not to be unreasonably withheld or delayed, to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes 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 Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation. If a Lender shall notify the Borrower of the existence of such a participant or sub-participant, the Borrower shall provide such participant and sub-participant, as applicable, with the same reports, notices, certificates, opinions and other information in sufficient numbers as requested by the recipient as the Borrower is required to provide to the Agent or such Lender under this Agreement (other than pursuant to Article II).

(f) Any Lender, participant or sub-participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.06, disclose to the assignee or participant or proposed assignee or participant (or holders of beneficial interest therein), any information relating to the Borrower furnished to such Lender, participant or sub-participant by or on

behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant (or holders of beneficial interest therein) shall agree to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender, participant or sub-participant.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign or create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 9.07. Confidentiality. Each of the Lenders and the Agent agrees that it will use reasonable efforts (e.g., procedures substantially comparable to those applied by such Lender or Agent in respect of non-public information as to the business of such Lender or Agent) to not disclose Confidential Information to any other Person without the consent of the Borrower, other than (a) by the Agent to any Lender, (b) by any Lender to any other Lender or the Agent, (c) to the Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and, as contemplated by Section 9.06(f), to actual or prospective assignees and participants (or holders of beneficial interest therein), and then only on a confidential basis, (d) as required by any law, rule or regulation or judicial process, (e) as requested or required by any state, federal or foreign authority, examiner or auditor regulating banks or banking, (f) to counsel for any Lender or the Agent and their respective independent public accountants, (g) to the extent such information relates to an Event of Default, (h) in connection with any litigation to which the Agent or any Lender is a party and (i) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; provided that a determination by a Lender or Agent as to the application of the circumstances described in the foregoing clauses (a)-(i) is conclusive if made in good faith; and each of the Lenders and the Agent agrees that it will follow procedures which are intended to put any transferee of such Confidential Information on notice that such information is confidential.

SECTION 9.08. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the law of the State of New York.

SECTION 9.09. 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. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.10. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Borrower hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon CT Corporation System at its offices at 1633 Broadway, New York, New York 10019 (the "Process Agent") and the Borrower hereby irrevocably appoints the Process Agent its authorized agent to accept such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each of

the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to serve legal process in any other manner permitted by law or to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.11. Final Agreement. This Agreement and each Letter of Credit Agreement constitute the entire agreement between the parties with respect to the matters addressed herein and supersede all prior or simultaneous agreements, written or oral, with respect thereto.

SECTION 9.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under the Notes in any currency (the "Original Currency") into another currency (the "Other Currency"), 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 Original Currency with the Other Currency at 9:00 A.M. (New York City time) on the first Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due in the Original Currency from it to any Lender or the Agent hereunder or under the Revolving Credit Note or Revolving Credit Notes held by such Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Lender or Agent (as the case may be) of any sum adjudged to be so due in such Other Currency, such Lender or Agent (as the case may be) may in accordance with normal banking procedures purchase Dollars with such Other Currency; if the amount of Dollars so purchased is less than the sum originally due to such Lender or Agent (as the case may be) in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or Agent (as the case may be) against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to any Lender or the Agent (as the case may be) in the Original Currency, such Lender or Agent (as the case may be) agrees to remit to the Borrower such excess.

SECTION 9.13. No Liability of the Issuing Banks. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. None of the Agents, the Lenders nor any Issuing Bank, nor any of their respective Affiliates, nor the respective directors, officers, employees, agents and advisors of such Person or such Affiliate shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the

Borrower proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing and without limiting the generality thereof, the parties agree that, with respect to such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 9.14. Waiver of Jury Trial. Each of the Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

SECTION 9.15. Officers' Certificates and Opinions of Counsel; Statements to Be Contained Therein. (a) Each certificate or opinion provided for in this Agreement and delivered to the Agent with respect to compliance with a condition or covenant provided for in this Agreement shall include (i) a statement that the person making such certificate or opinion has read such covenant or condition, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, which examination or investigation may be carried out by his or her designee, (iii) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an opinion as to whether or not such covenant or condition has been complied with and (iv) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

(b) Any certificate, statement or opinion of an officer of the Borrower may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Borrower, upon the certificate, statement or opinion of or representations by an officer or officers of the Borrower, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

(c) Any certificate, statement or opinion of an officer of the Borrower or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ (or former employ) of the Borrower or any of its Restricted Subsidiaries, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his or her certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

(d) Any certificate or opinion of any independent firm of public accountants filed with and directed to the Agent shall contain a statement that such firm is independent.

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.

THE WILLIAMS COMPANIES, INC.

By /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

[Additional signatures on succeeding page]

CITIBANK, N.A.,
as Agent

By /s/ Todd J. Mogil

Title: ATTORNEY-IN-FACT

Initial Issuing Banks

Letter of Credit Commitment

$100,000,000 CITICORP USA, INC.

By /s/ Todd J. Mogil

Title: Vice President

$100,000,000 Total of the Letter of Credit Commitments

Initial Lenders

Revolving Credit Commitment

$100,000,000 CITICORP USA, INC.

By /s/ Todd J. Mogil

Title: Vice President

$100,000,000 Total of the Revolving Credit Commitments

Exhibit 10.3

FIRST AMENDMENT TO TERM LOAN AGREEMENT

FIRST AMENDMENT, dated as of February 25, 2004 (this "First Amendment"), with Lehman Brothers Inc., as sole advisor, sole lead arranger and sole book runner, to the Term Loan Agreement, dated as of May 30, 2003 (as amended by this First Amendment and as otherwise amended, supplemented or modified from time to time, the "Credit Agreement"), among 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 thereto as lenders (the "Lenders"), Lehman Brothers Inc. and Banc of America Securities LLC, as joint advisors, joint lead arrangers and joint book runners, Citicorp USA, Inc. and JPMorgan Chase Bank, as co-syndication agents, Bank of America, N.A., as documentation agent, and Lehman Commercial Paper Inc., as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, Holdings and the Borrower have requested that the Administrative Agent and each of the Lenders agree to amend certain provisions of the Credit Agreement;

WHEREAS, such amendments include adding a Tranche C Term Loan Facility (as defined below) and using the proceeds thereof to prepay the existing Term Loans;

WHEREAS, for ease of reference and documentation, this First Amendment redefines the existing Term Loans (and related definitions) as Tranche B Term Loans (and comparable related definitions); and

WHEREAS, the Administrative Agent and the Lenders are willing to agree to the requested amendments, but only upon the terms and conditions set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendment to Subsection 1.1 (Defined Terms). (a) Subsection 1.1 of the Credit Agreement is hereby amended by deleting the defined term "Term Loan Percentage".

(b) Subsection 1.1 of the Credit Agreement is hereby amended by (i) deleting the defined terms "Applicable Margin", "Consolidated Interest Expense", "Facility", "Term Loan", and "Term Loan Commitment" and (ii) substituting in lieu thereof the following definitions:

"`Applicable Margin': (a) with respect to Tranche B Term Loans, a rate per annum equal to 2.75% for Base Rate Loans and a rate per annum equal to 3.75% for Eurodollar Loans, and (b) with respect to Tranche C Term Loans, a rate per annum equal to 1.50% for Base Rate Loans and a rate per annum equal to 2.50% for Eurodollar Loans, provided, that at any time after the First Amendment Effective Date, and so long as, the Facility is assigned a senior secured credit rating of Ba3 or better from Moody's, the rate per annum with respect to Tranche C Term Loans shall be equal to 1.25% for Base Rate Loans and 2.25% for Eurodollar Loans. Each change in the Applicable Margin pursuant to the proviso above shall be effective on the date of the public announcement of such senior secured credit rating by Moody's."

"`Consolidated Interest Expense': of any Person for any period, the sum (without duplication) of (i) 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 (other than the RMT Senior Notes) 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 all fees and expenses incurred in connection with this Agreement), provided that for the fiscal quarters ending September 30, 2003, December 31, 2003 and March 31, 2004, the amount of "Consolidated Interest Expense" pursuant to this clause (i) for the relevant period shall be deemed to equal such amount for such fiscal quarter (and each fiscal quarter commencing on or after July 1, 2003) multiplied by 4, 2 and 4/3, respectively, plus (ii) total accrued interest expense of such Person and its Subsidiaries for such period with respect to the RMT Senior Notes."

"`Facility': each of (a) the Tranche B Term Loan Commitments and the Tranche B Term Loans made thereunder (the "Tranche B Term Loan Facility"), and (b) the Tranche C Term Loan Commitments and the Tranche C Term Loans made thereunder (the "Tranche C Term Loan Facility")."

"`Term Loan Commitment': with respect to any Lender at any time, the Tranche B Term Loan Commitments or the Tranche C Term Loan Commitments of such Lender at such time."

"`Term Loans': the collective reference to the Tranche B Term Loans and the Tranche C Term Loans."

(c) The definition of "Disqualified Stock" in subsection 1.1 of the Credit Agreement is hereby amended by inserting the phrase "Tranche C" in the fifth line of such definition immediately before the words "Maturity Date".

(d) The definition of "Interest Period" in subsection 1.1 of the Credit Agreement is hereby amended by deleting paragraph (2) in the proviso to such definition in its entirety and substituting in lieu thereof the following:

"(2) any Interest Period that would otherwise extend beyond the date final payment is due on the Tranche B Term Loans or the Tranche C Term Loans, as the case may be, shall end on such due date, as applicable; and"

(e) Subsection 1.1 of the Credit Agreement is hereby amended by adding alphabetically therein the following definitions:

"'First Amendment': the First Amendment to this Agreement dated as of February 25, 2004."

"'First Amendment Effective Date': as defined in the First Amendment."

"'Lender Consent': as defined in the First Amendment."

"'Tranche B Term Loan': as defined in Section 2.1(a)."

"'Tranche B Term Loan Commitment': as to any Tranche B Term Loan Lender, the obligation of such Lender, if any, to have made on the Closing Date a Tranche B Term Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Term Loan 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. The original aggregate amount of the Tranche B Term Loan Commitments is $500,000,000."

"'Tranche B Term Loan Facility': as defined in the definition of "Facility" in this Section 1.1."

"'Tranche B Term Loan Lender': each Lender that has a Tranche B Term Loan Commitment or is a holder of a Tranche B Term Loan."

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

"'Tranche C Maturity Date': May 30, 2008."

"'Tranche C Term Loan': as defined in Section 2.1(b)."

"'Tranche C Term Loan Commitment': as to any Tranche C Term Loan Lender, the obligation of such Lender, if any, on the First Amendment Effective Date to make a Tranche C Term Loan or convert all or a portion of its Tranche B Term Loans to Tranche C Term Loans to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Tranche C Term Loan Commitment" opposite such Lender's name on Schedule 1 to the Lender Consent 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. The original aggregate amount of the Tranche C Term Loan Commitments is $497,500,000."

"'Tranche C Term Loan Facility': as defined in the definition of "Facility" in this Section 1.1."

"'Tranche C Term Loan Lender': each Lender that has a Tranche C Term Loan Commitment or is a holder of a Tranche C Term Loan."

"'Tranche C Term Loan Percentage': as to any Tranche C Term Loan Lender at any time, the percentage which such Lender's Tranche C Term Loan Commitment then constitutes of the aggregate Tranche C Term Loan Commitments (or, at any time after the First Amendment Effective Date, the percentage which the aggregate principal amount of such Lender's Tranche C Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche C Term Loans then outstanding)."

3. Amendment to Subsection 2.1 (Term Loan Commitments). Subsection 2.1 of the Credit Agreement is hereby amended by (a) amending all references therein (i) from "Lender" to "Tranche B Term Loan Lender", (ii) from "Lenders" to "Tranche B Term Loan Lenders", (iii) from "Term Loan" to "Tranche B Term Loan", (iv) from "Term Loans" to "Tranche B Term Loans" and (v) from "Term Loan Commitment" to "Tranche B Term Loan Commitment", (b) identifying the existing paragraph therein as paragraph "(a)", and (c) adding to such subsection at the end thereof the following:

"(b) Subject to the terms and conditions hereof, the Tranche C Term Loan Lenders severally agree to make term loans (each, a "Tranche C Term Loan") to the Borrower on the First Amendment Effective Date in an amount for each Tranche C Term Loan Lender not to exceed the amount of the Tranche C Term Loan Commitment of such Tranche C Term Loan Lender. The Tranche C Term Loans may from time to time be Eurodollar Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.8."

4. Amendment to Subsection 2.2 (Procedure for Term Loan Borrowing). Subsection 2.2 of the Credit Agreement is hereby amended by (a) amending all references therein (i) from "Lender" to "Tranche B Term Loan Lender", (ii) from "Lenders" to "Tranche B Term Loan Lenders", (iii) from "Term Loan" to "Tranche B Term Loan", and (iv) from "Term Loans" to "Tranche B Term Loans", (b) identifying the existing paragraph therein as paragraph "(a)", and (c) adding to such subsection at the end thereof the following:

"(b) The Borrower shall deliver to the Administrative Agent a Borrowing Notice (which Borrowing Notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, one Business Day prior to the First Amendment Effective Date) requesting that the Tranche C Term Loan Lenders make the Tranche C Term Loans (or convert Tranche B Term Loans to Tranche C Term Loans) on the First Amendment Effective Date. The Tranche C Term Loans made on the First Amendment Effective Date initially shall be Eurodollar Loans. Upon receipt of such Borrowing Notice the

Administrative Agent shall promptly notify each Tranche C Term Loan Lender thereof. Not later than 12:00 Noon, New York City time, on the First Amendment Effective Date, each Tranche C Term Loan Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Tranche C Term Loan or Tranche C Term Loans to be made by such Tranche C Term Loan Lender (or notify the Administrative Agent to convert an equal aggregate principal amount of Tranche B Term Loans held by such Tranche C Term Loan Lender to Tranche C Term Loans). The Administrative Agent shall apply the aggregate of the amounts made available to the Administrative Agent by each Tranche C Term Loan Lender in accordance with Section 2.13 as in effect prior to the First Amendment Effective Date to prepay the Tranche B Term Loans (or convert Tranche B Term Loans into an equal principal amount of Tranche C Term Loans held by such Tranche C Term Loan Lender).

(c) Notwithstanding anything to the contrary in this Agreement or the First Amendment, the Interest Period and the respective Eurodollar Rate in effect on the First Amendment Effective Date in respect of the Tranche B Term Loans that are being converted to Tranche C Term Loans on the First Amendment Effective Date (the "Current Interest Period") will continue to be in effect for such Tranche C Term Loans following the First Amendment Effective Date, and for any new Tranche C Term Loan funded on the First Amendment Effective Date the initial Interest Period will end on the last day of the Current Interest Period and the Eurodollar Rate during such initial Interest Period will equal the Eurodollar Rate applicable to the converted Tranche C Term Loans during the Current Interest Period."

5. Amendment to Subsection 2.3 (Repayment of Term Loans). Subsection 2.3 of the Credit Agreement is hereby amended by (a) amending all references therein (i) from "Lender" to "Tranche B Term Loan Lender", (ii) from "Term Loans" to "Tranche B Term Loans", and (iii) from "Term Loan Percentage" to "Tranche B Term Loan Percentage", (b) identifying the existing paragraph therein as paragraph "(a)", and (c) adding to such subsection at the end thereof the following:

"(b) The Tranche C Term Loans of each Tranche C Term Loan Lender shall mature in 17 consecutive quarterly installments, commencing on March 31, 2004, plus an 18th installment payable on May 30, 2008, each of which shall be in an amount equal to such Tranche C Term Loan Lender's Tranche C Term Loan Percentage multiplied by the percentage set forth below opposite such installment of the aggregate principal amount of Tranche C Term Loans made on the First Amendment Effective Date:

Installment	Percentage
March 31, 2004	0.25%
June 30, 2004	0.25%
September 30, 2004	0.25%
December 31, 2004	0.25%
March 31, 2005	0.25%
June 30, 2005	0.25%

Installment	Percentage
September 30, 2005	0.25%
December 31, 2005	0.25%
March 31, 2006	0.25%
June 30, 2006	0.25%
September 30, 2006	0.25%
December 31, 2006	0.25%
March 31, 2007	0.25%
June 30, 2007	0.25%
September 30, 2007	0.25%
December 31, 2007	0.25%
March 31, 2008	0.25%
May 30, 2008	95.75%"

6. Amendment to Subsection 2.4 (Repayment of Term Loans; Evidence of Debt). (a) Paragraph (a) of subsection 2.4 of the Credit Agreement is hereby amended by (a) amending all references therein (i) from "Lender" to "Tranche B Term Loan Lender", (ii) from "Term Loan" to "Tranche B Term Loan", and (iii) from "Term Loans" to "Tranche B Term Loans", (b) identifying the existing paragraph therein as paragraph "(a)(i)", and (c) adding to such subsection at the end of paragraph (a)(i) the following:

"(ii) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of the appropriate Tranche C Term Loan Lender the principal amount of each Tranche C Term Loan of such Tranche C Term Loan Lender in installments according to the schedule set forth in Section 2.3 (or on such earlier date on which the Tranche C Term Loans become due and payable pursuant to Section 7.1); provided that the Borrower shall repay the unpaid principal amount of the Term Loans on the Tranche C Maturity Date. The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Tranche C 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, set forth in Section 2.10."

(b) Paragraph (e) of subsection 2.4 of the Credit Agreement is hereby amended by adding to the end of such subsection the following:

"Unless replaced by a Tranche C Term Note (as defined below), any Term Note outstanding on the First Amendment Effective Date will be deemed to evidence any Tranche C Term Loans into which the Tranche B Term Loans evidenced by such Term Note have been converted. The Borrower agrees that, upon the request to the Administrative Agent by any Tranche C Term Loan Lender, the Borrower will promptly execute and deliver to such Tranche C Term Loan Lender a promissory note of the Borrower evidencing any Tranche C Term Loans of such Tranche C Term Loan Lender, substantially in the form of Exhibit G-2 hereto (a "Tranche C Term Note"), with appropriate insertions as to date and principal amount; provided that if such Tranche C Term Loans were converted from Tranche B Term Loans evidenced by a Term Note on

the First Amendment Effective Date, such Lender will promptly return such Term Note to the Borrower, if available."

7. Amendment to Subsection 2.13 (Pro Rata Treatment and Payments). Subsection 2.13 of the Credit Agreement is hereby amended by inserting the phrase "Tranche B Term Loan Percentages and Tranche C" in the second line of paragraph (a) thereof immediately before the phrase "Term Loan Percentages".

8. Amendment to Subsection 6.2 (Limitation on Indebtedness). Subsection 6.2 of the Credit Agreement is hereby amended by inserting the phrase "Tranche C" in the seventh line of paragraph (i) thereof immediately before the phrase "Maturity Date".

9. Amendment to Subsection 6.5 (Limitation on Disposition of Property). Paragraph (f) of subsection 6.5 of the Credit Agreement is hereby amended by deleting the amount "$25,000,000" therein and inserting in lieu thereof the amount "$50,000,000".

10. Amendment to Subsection 6.7 (Limitation on Investments). Paragraph (j) of subsection 6.7 of the Credit Agreement is hereby amended by deleting the amount "$100,000,000" therein and inserting in lieu thereof the amount "$125,000,000".

11. Amendment to Subsection 8.7 (Indemnification). Subsection 8.7 of the Credit Agreement is hereby amended by amending all references therein from "Term Loan Percentages" to "Tranche B Term Loan Percentages or Tranche C Term Loan Percentages, as applicable,".

12. Amendment to Subsection 9.1 (Amendments and Waivers). Subsection 9.1 of the Credit Agreement is hereby amended by adding to such subsection at the end thereof the following:

"If, in connection with any proposed amendment, modification, waiver or termination (a "Proposed Change") requiring the consent of all affected Lenders, the consent of the holders of more than 66 2/3% of the sum of the aggregate unpaid principal amount of the Term Loans then outstanding is obtained but the consent of other Lenders whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this Section 9.1 being referred to as a "Non-Consenting Lender"), then, as long as the Lender acting as the Administrative Agent is not a Non-Consenting Lender, at the Borrower's request, any other Lender or a replacement bank, financial institution or other entity acceptable to the Administrative Agent (any such Lender, bank, financial institution or other entity being referred to as a "Replacement Lender") shall have the right (but shall have no obligation) with the Administrative Agent's consent (which consent shall not be unreasonably withheld) to purchase from such Non-Consenting Lender, and such Non-Consenting Lender agrees that it shall, upon the Administrative Agent's request, sell and assign to the Replacement Lender, all of the Loans of such Non-Consenting Lender for an amount equal to the principal balance of all Loans held by the Non-Consenting Lender and all accrued and unpaid interest and fees with respect thereto through the date of sale; provided, however, that such purchase and sale shall not be effective until (x) the Administrative Agent shall have received from such Replacement

Lender an agreement in form and substance satisfactory to the Administrative Agent whereby such Replacement Lender shall agree to be bound by the terms hereof and (y) such Non-Consenting Lender shall have received payments of all Loans held by it and all accrued and unpaid interest and fees with respect thereto through the date of the sale. Each Lender agrees that, if it becomes a Non-Consenting Lender, it shall execute and deliver to the Administrative Agent an Assignment and Acceptance to evidence such sale and purchase and shall deliver to the Administrative Agent any Tranche C Term Note (if the assigning Lender's Loans are evidenced by a Tranche C Term Note) subject to such Assignment and Acceptance; provided, however, that the failure of any Non-Consenting Lender to execute an Assignment and Acceptance shall not render such sale and purchase (and the corresponding assignment) invalid."

13. Amendment to Exhibits to Credit Agreement. The form of Tranche C Term Note attached hereto as Annex B is hereby added to the Credit Agreement as Exhibit G-2 thereto.

14. Conditions to Effectiveness of this First Amendment. This First Amendment shall become effective upon the satisfaction of the following conditions precedent concurrently or prior to the extension of the Tranche C Term Loans (such date, the "First Amendment Effective Date"):

(a) The Administrative Agent shall have received (i) counterparts of this First Amendment duly executed and delivered by each of Holdings, the Borrower, each of the Guarantors and the Administrative Agent, and (ii) a Lender Consent substantially in the form of Annex A hereto (the "Lender Consent"), duly executed and delivered by each of the Tranche C Term Loan Lenders.

(b) The Administrative Agent shall have received a certificate of the Borrower, dated the First Amendment Effective Date, substantially in the form of Annex C hereto, with appropriate insertions and attachments.

(c) Prior to and after giving effect to this First Amendment, each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of the date hereof as if made on and as of such date (except (i) to the extent such representations and warranties were expressly made only as of a specific date, in which case such representations and warranties shall be true and correct as of such specific date, and (ii) the representation and warranty made in Section 3.19 of the Credit Agreement in respect of Schedule 3.19(a)-2 shall be true and correct as of the Closing Date), provided that the references to the Credit Agreement in such representations and warranties shall be deemed to refer to the Credit Agreement as amended pursuant to this First Amendment.

(d) No Default or Event of Default shall have occurred and be continuing on the date hereof prior to or after giving effect to the transactions contemplated hereby.

(e) The Borrower shall have paid to the Administrative Agent all outstanding fees, costs and expenses invoiced to the Borrower owing on the date hereof pursuant to the Credit Agreement or this First Amendment.

(f) The Tranche B Term Loans outstanding on the First Amendment Effective Date shall be refinanced in full with the proceeds of Tranche C Term Loans or converted into Tranche C Term Loans at the request of the applicable Lender.

Upon the extension of the Tranche C Term Loans, the First Amendment Effective Date shall be deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been satisfied (although the occurrence of the First Amendment Effective Date shall not relieve the Borrower from or otherwise waive any Default or Event of Default that may relate to any failure to satisfy one or more of the applicable conditions specified above or otherwise), and from and after such First Amendment Effective Date, each Tranche C Term Loan Lender executing and delivering a Lender Consent shall become a party to the Credit Agreement and have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the other provisions thereof.

15. Continuing Effect; No Other Amendments. Except as expressly set forth in this First Amendment, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect and Holdings and the Borrower shall continue to be bound by all of such terms and provisions. The amendments provided for herein are limited to the specific subsections of the Credit Agreement specified herein and shall not constitute an amendment of, or an indication of the Administrative Agent's or the Lenders' willingness to amend or waive, any other provisions of the Credit Agreement or the same subsections for any other date or purpose. The First Amendment shall constitute a Loan Document.

16. Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution and delivery of this First Amendment, and other documents prepared in connection herewith, and the transactions contemplated hereby, including, without limitation, reasonable fees and disbursements and other charges of Weil, Gotshal & Manges LLP and Gorsuch Kirgis LLP and the charges of IntraLinks.

17. Counterparts. This First Amendment may be executed by one or more of the parties to this First Amendment 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 First Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this First Amendment signed by all the parties shall be lodged with the Borrower and the Administrative Agent. The execution and delivery of this First Amendment by the Loan Parties, the Lenders and the Administrative Agent shall be binding upon the Loan Parties, the Lenders, the Agents and all future holders of the Loans.

18. Effect of Amendment. On the First Amendment Effective Date, the Credit Agreement shall be amended as provided herein. The parties hereto acknowledge and agree that

(a) this First Amendment and the other Loan Documents executed and delivered in connection herewith do not constitute a novation, or termination of the "Obligations" (as defined in the Credit Agreement) under the Credit Agreement as in effect prior to the First Amendment Effective Date; (b) such "Obligations" are in all respects continuing (as amended hereby) with only the terms thereof being modified to the extent provided in this First Amendment; and (c) the Liens and security interests as granted under the Security Documents securing payment of such "Obligations" are in all respects continuing and in full force and effect and secure the payment of the "Obligations".

19. GOVERNING LAW. THIS FIRST AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[SIGNATURE PAGE FOLLOWS]

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

WILLIAMS PRODUCTION HOLDINGS LLC

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

WILLIAMS PRODUCTION RMT COMPANY

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

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

By: /s/ Francis Chang

Name: Francis Chang
Title: Vice President

Acknowledged and Agreed
as of the date hereof:

BARRETT RESOURCES INTERNATIONAL CORPORATION
BARGATH INC.
BARRETT FUELS CORPORATION
RULISON GAS COMPANY, LLC
BISON ROYALTY LLC
PICEANCE PRODUCTION HOLDINGS, LLC
RULISON PRODUCTION COMPANY LLC,
each as a Guarantor

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

Exhibit 10.4

U.S. $1,000,000,000

CREDIT AGREEMENT

DATED AS OF MAY 3, 2004

AMONG

THE WILLIAMS COMPANIES, INC.
NORTHWEST PIPELINE CORPORATION
TRANSCONTINENTAL GAS PIPE LINE CORPORATION
AS BORROWERS

CITICORP USA, INC.

AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT

CITIBANK, N.A.
BANK OF AMERICA, N.A.

AS ISSUING BANKS

AND

THE BANKS NAMED HEREIN

AS BANKS

BANK OF AMERICA, N.A.

AS SYNDICATION AGENT

JPMORGAN CHASE BANK
THE BANK OF NOVA SCOTIA
THE ROYAL BANK OF SCOTLAND PLC

AS CO-DOCUMENTATION AGENTS

CITIGROUP GLOBAL MARKETS INC.

AND

BANC OF AMERICA SECURITIES LLC

JOINT LEAD ARRANGERS AND CO-BOOK RUNNERS

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

ARTICLE II
AMOUNTS AND TERMS OF THE REVOLVING CREDIT ADVANCES AND LETTERS OF CREDIT

ARTICLE III
CONDITIONS

ARTICLE IV
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ARTICLE VIII
MISCELLANEOUS

Schedules and Exhibits

CREDIT AGREEMENT

This Credit Agreement dated as of May 3, 2004 (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., a Delaware corporation ("TWC"), NORTHWEST PIPELINE CORPORATION, a Delaware corporation ("NWP"), TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation ("TGPL", and together with TWC and NWP, the "Borrowers" and each, a "Borrower"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as banks (the "Banks"), CITIBANK, N.A. ("Citibank") and BANK OF AMERICA, N.A. (each, an "Issuing Bank"), and CITICORP USA, INC. ("CUSA"), as agent (together with any successor agent appointed pursuant to Article VII, the "Agent") and collateral agent (together with any successor collateral agent appointed pursuant to Article VII, the "Collateral Agent"). In consideration of the mutual covenants and agreements contained herein, the Borrowers, the Banks, the Issuing Banks, the Agent and the Collateral Agent hereby agree as set forth herein.

PRELIMINARY STATEMENTS

WHEREAS, each of the Borrowers is a borrower under that certain Credit Agreement dated as of June 6, 2003 (as amended, restated, supplemented or otherwise modified, the "Existing Agreement") with the banks party thereto, CUSA, as administrative agent and collateral agent, BofA, as syndication agent, Citibank and BofA, as issuing banks, and others;

WHEREAS, the Borrowers have requested that the Banks lend to the Borrowers and the Issuing Banks issue Letters of Credit at the request of the Borrowers to provide for the working capital needs and general corporate purposes of the Borrowers; and

WHEREAS, the Issuing Banks and Banks are willing to lend such amounts and to issue such Letters of Credit on the terms and subject to the conditions hereinafter set forth (including Article III);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"Acceptable Security Interest" in any property means a Lien granted pursuant to a Credit Document (a) which exists in favor of the Collateral Agent for the benefit of itself, the Agent, the Banks and the Issuing Banks, (b) which is superior to all other Liens, except Collateral Permitted Liens, (c) which secures the Obligations, and (d) which is perfected and is enforceable by the Collateral Agent for the benefit of itself, the Agent, the Banks and the Issuing Banks, against all other Persons in preference to any rights of any such other Persons therein (other than beneficiaries of Collateral Permitted Liens); provided that such Lien may be subject to the Agreed Exceptions and Collateral Permitted Liens.

"Additional Mortgage" has the meaning specified in Section 5.1(g)(ii).

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

"Agreed Exceptions" means exceptions to title to be set forth in the Real Property Mortgages 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 or that are otherwise agreed to in writing by the Collateral Agent.

"Agreement" has the meaning specified in the first paragraph of this Agreement.

"Apco Argentina" means Apco Argentina, Inc., a Cayman Islands corporation.

"Applicable Commitment Fee Rate" means the rate per annum set forth on Schedule IV opposite 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.

"Applicable Margin" means, for any Borrower, as to any Eurodollar Rate Advance or Base Rate Advance to such Borrower, the rate per annum set forth in the table on Schedule IV opposite the heading "Applicable Margin" (for the relevant Type of Advance) for the relevant Rating Category applicable to such Borrower. The Applicable Margin determined pursuant to this definition for any Eurodollar Rate Advance or Base Rate Advance, as applicable, for any Borrower shall change when and as the relevant Rating Category applicable to such Borrower changes.

"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 Leaseback 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 only, be extended).

"Authorized Financial Officer" of any Person means the Chief Financial Officer, Chief Accounting Officer, and the Treasurer of such Person.

"Authorized Officer" of any Person means the President, Chief Executive Officer, Chief Financial Officer, the General Counsel, any Vice President, the Secretary, the Assistant Secretary, the Treasurer, Assistant Treasurer, or the Controller of such Person or any other officer designated as an "Authorized Officer" by the Board of Directors (or equivalent governing body) of such Person.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (after giving effect to any step up provision or other mechanism for increase, if any, and assuming compliance at such time with all conditions to drawing).

"Banks" means the lenders listed on the signature pages hereof and each other Person that becomes a Bank pursuant to Section 2.19(d) or Section 8.5(a).

"Base Rate" means a fluctuating interest rate per annum 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; and

(b) 1/2 of 1% per annum above the Federal Funds Rate.

"Base Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.13(a)(i) (or, if Section 2.13(b) applies, that bears interest at 2% above the rate provided in Section 2.13(a)(i)).

"B of A" has the meaning specified in the recitals hereto.

"Borrowers" has the meaning specified in the recitals hereto.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"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.

"Capital Lease" means a lease that in accordance with GAAP must be reflected on a Person's balance sheet as an asset and corresponding liability.

"Change of Control Event" means the occurrence of any of the following: (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 50% 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) the first day on which a majority of the members of the board of directors of TWC are not Continuing Directors.

"Citibank" has the meaning specified in the recitals hereto.

"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.

"Co-Documentation Agents" means JPMorgan Chase Bank, The Bank of Nova Scotia and The Royal Bank of Scotland plc.

"Collateral" means all personal and real property of each of the Western Midstream Subsidiaries, whether now owned or hereafter acquired, all Equity Interests of each of the Western Midstream Subsidiaries, whether now owned or hereafter acquired, and all other property subject to a Lien granted to the Collateral Agent in accordance with the terms of any Security Document, whether now owned or

hereafter acquired; provided that neither the LC Cash Collateral Accounts nor the Excluded Assets shall constitute "Collateral".

"Collateral Agent" means CUSA in its capacity as Collateral Agent pursuant to Article VII and any successor in such capacity pursuant to Section 7.6.

"Collateral Permitted Liens" means Liens specifically described on Schedule IX-1.

"Collateral Release Date" has the meaning specified in Section 8.15.

"Commitment" means a Revolving Credit Commitment or a Letter of Credit Commitment.

"Commitment Fee" has the meaning specified in Section 2.11(c).

"Consolidated" refers to the consolidation of the accounts of any Person and its Consolidated Subsidiaries in accordance with GAAP.

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Consolidated Subsidiaries on a Consolidated basis plus the Designated Minority Interests, if applicable, to the extent not otherwise included. As used in this definition, "Designated Minority Interests" means, as of any date of determination, the total value, determined in accordance with GAAP, of the minority interests in Subsidiaries of TWC to the extent such minority interests are owned by Persons other than TWC and its Consolidated Subsidiaries; provided that any minority interest for which TWC or any of its Subsidiaries has an obligation to repurchase 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 GAAP.

"Continuing Directors" means, as of any date of determination, any member of the board of directors of TWC who:

(1) was a member of such board of directors on the date hereof; or

(2) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Sections 2.14, 2.15 or 2.16.

"Credit Documents" means (i) this Agreement, the Guaranties, the Security Documents, the Letter of Credit Documents, each Letter of Credit, each Note, each Notice of Letter of Credit and each Notice of Revolving Credit Borrowing at any time executed or delivered to the Agent, the Collateral Agent, any Issuing Bank or any Bank in connection herewith, and (ii) for purposes of the definition herein of "Acceptable Security Interest", Sections 2.8 and 2.18, Articles VII and VIII, any Transfer Agreement, any Revolving Credit Commitment Increase Agreement or any Letter of Credit Commitment Increase Agreement only, any security agreement or pledge delivered in order to comply with Section 5.2(m).

"Credit Party" means each Borrower and, until the Collateral Release Date, WFSGI and each Guarantor.

"CUSA" has the meaning specified in the recitals hereto.

"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 (other than surety, performance and guaranty bonds), (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables), (iv) obligations of such Person as lessee under Capital Leases, (v) obligations of such Person under any Financing Transaction, (vi) any Attributable Obligations of such Person with respect to any Sale and Leaseback Transaction entered into on or after the Effective Date, (vii) 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 (vi) of this definition; provided that Debt shall not include (1) Non-Recourse Debt, (2) Performance Guaranties, (3) monetary obligations or guaranties of monetary obligations of Persons as lessee under leases (other than, to the extent provided hereinabove, Attributable Obligations) that are, in accordance with GAAP, recorded as operating leases, (4) Reclassified Tolling Arrangements, (5) any obligations of such Person under volumetric production payment arrangements, (6) Financing Transactions in existence on the Effective Date and listed on Schedule XIII, and (7) guarantees by such Person of obligations of others which are not obligations described in clauses (i) through (vi) 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" of a Person in respect of letters of credit shall include, without duplication, only the principal amount of the obligations of such Person in respect of such letters of credit that have been drawn upon by the beneficiaries to the extent of the amount drawn, and shall include no other obligations in respect of such letters of credit.

"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.

"Designating Bank" has the meaning specified in Section 8.5(g).

"Dollars" and "$" means lawful money of the United States of America.

"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 in the Transfer Agreement or Revolving Credit Commitment Increase Agreement pursuant to which it became a Bank, or such other office of such Bank as such Bank may from time to time specify to the Borrowers and the Agent.

"EBITDA" means, for any Measurement Period, the sum of (i) the Consolidated net income (or loss) of TWC and its Consolidated Subsidiaries for such Measurement Period determined in accordance with GAAP plus (ii) to the extent included in the determination of such net income (or loss), the Consolidated charges for such period for EBITDA Interest Expense, depreciation, depletion and amortization, plus (iii) to the extent included in the determination of such net income (or loss), the amount of any provision for income taxes and franchise taxes, plus (iv) to the extent included in the determination of such net income (or loss), the amount of any other non-cash charges, including asset impairments, write-downs or write-offs, plus (v) to the extent included in the determination of such net income (or loss), the amount of cash payments referred to in the letter dated the date hereof to the Agent and the Banks not exceeding, in the aggregate, the amount set forth in such letter, plus (vi) to the extent included in the determination of such net income (or loss), the amount of charges, fees or expenses associated with

any repurchase or repayment of debt, including any premium and acceleration of fees or discounts and other expenses, minus (vii) to the extent included in the determination of such net income (or loss), the amount of any provision benefit or credit from income taxes or franchise taxes; provided that in determining such Consolidated net income and such Consolidated charges, there shall be excluded therefrom (to the extent otherwise included therein) (a) pre-tax gains or losses on the sale, transfer or other disposition of any property by TWC or its Consolidated Subsidiaries (other than sales, transfers and other dispositions in the ordinary course of business), (b) all extraordinary gains and extraordinary losses, prior to applicable income taxes and franchise taxes, (c) any item constituting the cumulative effect of a change in accounting principles, prior to applicable income taxes and franchise taxes, (d) the net income (or loss) of, charges for interest, depreciation, depletion and amortization of, and other non-cash charges of, any Non-Recourse Subsidiary or any asset securing Non-Recourse Debt, except and then only to the extent of the amount thereof that TWC actually receives as cash dividends during such Measurement Period and has no obligation to return at any time, and (e) any income (or loss), charges for interest, depreciation, depletion and amortization, and other non-cash charges, associated with matters accounted for as discontinued operations as of December 31, 2003.

"EBITDA Interest Expense" means, for any Measurement Period, the gross interest expense (determined in accordance with GAAP) of TWC and its Consolidated Subsidiaries accrued for such period, including that attributable to the capitalized amount of obligations owing under Capital Leases, all debt discount and debt issuance costs and commissions amortized in such period and all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and other fees and charges associated with debt of TWC and its Consolidated Subsidiaries, but excluding such interest expense, debt discount, commission, discounts and other fees and charges to the extent attributable to Reclassified Tolling Arrangements or Non-Recourse Debt.

"Echo Springs Processing Plant" means the assets described on Schedule X.

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

"Effective Date" has the meaning specified in Section 3.1.

"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 that is consented to by the Issuing Banks (which consent will not be unreasonably withheld), and (iii) any other Person not covered by clause (i) or (ii) of this definition that is consented to by TWC, the Agent and the Issuing Banks (which consents shall not be unreasonably withheld); provided that if any Event of Default has occurred and is continuing, no consent of TWC shall be required; provided further that neither the Borrowers nor any affiliate of the Borrowers shall be an Eligible Assignee.

"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 relating to the Environment.

"Environmental Law" shall mean any United States local, state or federal, or any foreign, law, statute, regulation, order, consent decree, written agreement with a Governmental Authority 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, written agreements with a Governmental Authority 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.

"Environmental Permits" mean all material permits, licenses, registrations, exemptions and authorizations required under any Environmental Law.

"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 or any warrant, option or other right to acquire any Equity Interest.

"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 Credit Party means any trade or business (whether or not incorporated) which is a member of a group of which such Credit Party is a member and which is under common control or is treated as a single employer with such Credit Party 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.

"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 in the Transfer Agreement or Revolving Credit Commitment Increase Agreement pursuant to which it became a Bank (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 each Eurodollar Rate Advance comprising part of the same Revolving Credit 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 each Eurodollar Rate Advance comprising part of the same Revolving Credit 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 that 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 a Revolving Credit Advance that bears interest as provided in Section 2.13(a)(ii) (or, if Section 2.13(b) applies, that bears interest at 2% above the rate provided in Section 2.13(a)(ii)).

"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 Federal Reserve Board (or any successor) for determining the maximum reserve

requirement (including any emergency, supplemental or other marginal reserve requirement) for such Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.1. For purposes of clause (i) of the definition herein of "Interest Period", Section 2.14, Section 6.1 and Section 6.2, 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 and NWP is a Subsidiary of TWC, any Event of Default that exists as to either of TGPL or NWP also exists as to TWC.

"Excess Proceeds" means all cash proceeds (net of any tax payable) received prior to the Collateral Release Date by TWC or any Subsidiary of TWC on account of or as a result of any claim under any title insurance policy pertaining to any Collateral or any damage, destruction or taking of any Collateral (other than (i) amounts received under any business interruption insurance, (ii) proceeds aggregating less than $100,000,000 during the term of this Agreement and (iii) proceeds received as a result of any damage, destruction or taking of Collateral that are either (a) reinvested within nine months in new or existing Collateral or (b) committed to be so reinvested within nine months pursuant to a formal plan (a copy of which shall be sent by TWC to all Banks) so long as TWC or its Subsidiaries diligently pursue such plan; provided that the aggregate amount so committed pursuant to this clause (b) but not yet spent shall not exceed $250,000,000 at any time).

"Excess Proceeds Payment Date" means, as to any Excess Proceeds, (i) the first Business Day after the date that is nine months following receipt of such Excess Proceeds if such Excess Proceeds have not been committed by such date to be reinvested as contemplated in clause (b) of the definition herein of Excess Proceeds or if the formal plan referred to in such clause (b) has not been delivered to the Banks by such date and (ii) any date on which TWC or its Subsidiaries, as the case may be, fail to diligently pursue such plan in all material respects.

"Excluded Assets" means (i) the property described on Schedule V, and (ii) any information technology equipment, hardware or software.

"Existing Agreement" has the meaning specified in the preliminary statements hereto.

"Existing Credit Documentation" means the Existing Agreement and the "Security Agreement" (as defined in the Existing Agreement).

"Existing Letters of Credit" means the letters of credit listed on Schedule VII.

"Existing Tolling Arrangements" means those tolling arrangements listed on Schedule VIII.

"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.

"Financing Transaction" means, with respect to any Person (i) any prepaid forward sale of oil, gas or minerals by such Person (other than gas balancing arrangements in the ordinary course of business), that is intended primarily as a borrowing of funds, excluding volumetric production payments and (ii) any interest rate, currency, commodity or other swap, collar, cap, option or other derivative that is intended primarily as a borrowing of funds (excluding interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives to hedge against risks in the ordinary course of business), with the amount of the obligations of such Person thereunder being the net obligations of such Person thereunder.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31.

"Fronting Fee" shall have the meaning specified in Section 2.11(b)(i).

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, all as in effect from time to time.

"General Permitted Liens" means Liens specifically described on Schedule IX-2.

"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 the Pipeline Holdco Guaranty, the Western Midstream Guaranty and each guaranty delivered by a Western Midstream Subsidiary pursuant to Section 5.1(g).

"Guarantors" means Pipeline Holdco, WFSC, WGPC, WGPWC and any Western Midstream Subsidiary that delivers a guaranty pursuant to Section 5.1(g).

"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 Law.

"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 Law (including 40 C.F.R. Section 261.3).

"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 8.4(b).

"Information Memorandum" means the Confidential Information Memorandum dated March, 2004 relating to the Borrowers and the transactions contemplated hereby.

"Initial Mortgages" has the meaning specified in Section 3.1(j)(i).

"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 Measurement Period, the gross interest expense (determined in accordance with GAAP) of TWC and its Consolidated Subsidiaries accrued for such period of TWC and its Consolidated Subsidiaries, but excluding, to the extent included in the determination of interest expense for such period, (1) interest expense, debt discount, commission, discounts and other fees and charges and interest income to the extent attributable to Reclassified Tolling Arrangements or Non-Recourse Debt, (2) any charges, expenses or fees associated with any repurchase or repayment of debt, and (3) any noncash amortization of debt discounts, commissions, discounts, fees and charges and any interest expense attributable to the capitalized amount of obligations owing under Capital Leases.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by a Borrower pursuant to the provisions below and, thereafter, with respect to Eurodollar Rate Advances, 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 a Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as a 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; provided, however, that:

(i) a Borrower may not 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;

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Revolving Credit Borrowing shall be of the same duration;

(iii) 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; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"International Debt" means the Debt of any International Subsidiary.

"International Subsidiary" means each of El Furrial, Apco Argentina, PIGAP II and any Subsidiary of any of them; provided that no Person shall be an International Subsidiary if it is a Credit Party or owns, directly or indirectly, any Equity Interest in any Credit Party.

"Issuing Banks" means each of the two Issuing Banks named in the recitals hereto and each New Letter of Credit Issuing Bank.

"Joint Lead Arrangers" means Citigroup Global Markets Inc. and Banc of America Securities LLC, as joint lead arrangers and joint book runners.

"LC Cash Collateral Accounts" has the meaning specified in Section 6.2.

"LC Participation Percentage" of any Bank means, at any time, the percentage set opposite such Bank's name on Schedule III or as reflected for such Bank in the relevant Transfer Agreement or Revolving Credit Commitment Increase Agreement to which it is a party, as such percentage may be terminated, reduced or increased pursuant to Section 2.19 or Section 8.5(a).

"Letter of Credit Commitment" of any Issuing Bank means, at any time, the amount set opposite such Issuing Bank's name on Schedule III under the heading "Letter of Credit Commitments" or as reflected for such Issuing Bank in the relevant Letter of Credit Commitment Increase Agreement to which it is a party, as such amount may be terminated, reduced or increased pursuant to Section 2.4, Section 2.19 or Section 6.1.

"Letter of Credit Commitment Increase Agreement" means an agreement substantially in the form of Exhibit L-3 or L-4 executed pursuant to Section 2.19 by TWC, the Agent and either a New Letter of Credit Issuing Bank or an Issuing Bank that has agreed to increase its Letter of Credit Commitment.

"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 (i) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (ii) 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 Facility Increase" has the meaning specified in Section 2.19(e).

"Letter of Credit Facility Increase Effective Date" has the meaning specified in Section 2.19(f).

"Letter of Credit Facility Increase Notice" has the meaning specified in Section 2.19(f).

"Letter of Credit Fee" has the meaning specified in Section 2.11(b)(ii).

"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 Available 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. 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 times the Letter of Credit Liability in respect of the related Letter of Credit.

"Letters of Credit" means any letter of credit issued or deemed issued pursuant to this Agreement (including each Existing Letter of Credit), as amended, extended or otherwise modified from time to time.

"Lien" means any mortgage, lien, pledge, charge, deed of trust, security interest, encumbrance or other analogous type of preferential arrangement, 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).

"Majority Banks" means, at any time, Banks owed or holding more than 50% of the sum of (i) the aggregate unpaid principal amount of Revolving Credit Advances outstanding at such time, or if no such principal amount is then outstanding, the aggregate Revolving Credit Commitments and (ii) the aggregate Available Amount of all Letters of Credit outstanding at such time, or if no such Available Amount of Letters of Credit is then outstanding, then the aggregate unpaid principal amount of any outstanding Letter of Credit Interests.

"Material Adverse Effect" means, in respect of any Borrower, a material adverse effect on (a) the business, assets, operations or condition, financial or otherwise, of such Borrower and its Subsidiaries taken as a whole, or (b) the ability of such Borrower and its Subsidiaries, taken as a whole, to perform their obligations under any Credit Document taken as a whole.

"Material Subsidiary" of any Borrower means (i) each Subsidiary of such Borrower that itself (on an unconsolidated, stand alone basis) owns in excess of 7.5% (or, on and after the Trading Book Termination Date, 10%) of the book value of the Consolidated assets of such Borrower and its Consolidated Subsidiaries, and (ii) each Subsidiary of such Borrower that is a Credit Party; provided that Non-Recourse Subsidiaries and International Subsidiaries are not Material Subsidiaries for any purpose of this Agreement.

"Measurement Period" means (i) the period consisting of the two consecutive Fiscal Quarters of TWC ending September 30, 2004, (ii) the period consisting of the three consecutive Fiscal Quarters of TWC ending December 31, 2004, and (iii) each period ending after December 31, 2004 consisting of four consecutive Fiscal Quarters of TWC.

"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 its midstream business (other than the Western Midstream Business) as well as certain marine and inland terminals and related pipeline systems.

"Moody's" means Moody's Investor Service, Inc. or its successor.

"Multiemployer Plan" means any multiemployer plan, as defined in Section 4001(a)(3) of ERISA, which is maintained by (or to which there is an obligation to contribute of) any Credit Party or an ERISA Affiliate of any Credit Party.

"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.

"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 assets of such Person after March 31, 2004) over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with GAAP; provided that for purposes of calculating Net Worth of TWC, (i) total liabilities shall not include any obligations of Non-Recourse Subsidiaries in respect of Non-Recourse Debt, and (ii) total assets shall not include any assets that secure any Non-Recourse Debt or any assets of any Non-Recourse Subsidiary.

"New Letter of Credit Issuing Bank" has the meaning specified in Section 2.19(e).

"New Revolving Bank" has the meaning specified in Section 2.19(a).

"Non-Pipeline TWC Group" means TWC and its Subsidiaries, excluding NWP, TGPL and Pipeline Holdco.

"Non-Recourse Debt" means any Debt incurred by any Non-Recourse Subsidiary to finance the acquisition, improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or provide financing for, a project listed on Schedule VI or any new project commenced or acquired after May 2, 2004, which Debt does not provide for recourse against a Credit Party or any Subsidiary of a Credit Party (other than a Non-Recourse Subsidiary and such recourse as exists under a Performance Guaranty) or any property or asset of any Credit Party or any Subsidiary of a Credit Party (other than the Equity Interests in, or the property or assets of, a Non-Recourse Subsidiary).

"Non-Recourse Subsidiary" means (i) 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 created for such purpose, and substantially all the assets of which Subsidiary and such 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 and (ii) any Subsidiary of a Non-Recourse Subsidiary. For purposes of this definition, a "non-material Subsidiary" shall mean any Consolidated Subsidiary of any Borrower that is not a Credit Party and is not an owner, directly or indirectly, of any Equity Interest in any Credit Party.

"Note" means a promissory note of a Borrower payable to the order of any Bank, in substantially the form of Exhibit I 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 2.10 or 8.5, together with any other note accepted from time to time in substitution or replacement therefor.

"Notice of Letter of Credit" has the meaning specified in Section 2.2(a).

"Notice of Revolving Credit Borrowing" has the meaning specified in Section 2.3(a).

"NWP" has the meaning specified in the recitals hereto.

"Obligations" means all Reimbursement Obligations, the principal of and interest on each Revolving Credit Advance and all other Debt, advances, interest, debts, liabilities, obligations, indemnities, fees, expenses, charges and other amounts owing by any Credit Party to any Bank, the Agent, the Collateral Agent or any Issuing Bank under any Credit Documents or to any other Person required to be indemnified under any Credit Document, of any kind or nature, present or future, arising under 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.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Performance Guaranty" means any guaranty issued in connection with any Non-Recourse Debt or International Debt that (i) if secured, is secured only by assets of, or Equity Interests in, a Non-Recourse Subsidiary or International Subsidiary, as applicable, and (ii) guarantees to the provider of such Non-Recourse Debt or International Debt or any other Person 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 or International Debt, (b) completion of the minimum agreed equity contributions to the relevant Non-Recourse Subsidiary or International Subsidiary, as applicable, or (c) performance by a Non-Recourse Subsidiary or International Subsidiary, as applicable, of obligations to Persons other than the provider of such Non-Recourse Debt or International Debt.

"Permitted Dispositions" means (i) the sale or other transfer of WGPC's and WGPWC's respective interests, or any portion thereof, in the Wamsutter Gathering System and/or the Echo Springs Processing Plant to a joint venture in exchange for an interest in such joint venture, if either the Collateral Release Date has occurred or an Acceptable Security Interest continues in the Collateral sold or transferred to such joint venture, and (ii) the sale or transfer of all or a portion of any of the Southwest Wyoming gathering systems owned by the Western Midstream Subsidiaries either in exchange for assets of like kind and value in a form and manner which would qualify for a tax-deferred exchange of assets under Section 1031 of the Internal Revenue Code, or any other similar exchange transaction, provided that (a) the fair market value of the assets of the Southwest Wyoming gathering systems so sold or transferred (as reasonably estimated by TWC) does not exceed $48,000,000 and (b) an Acceptable Security Interest in the assets acquired by any Western Midstream Subsidiary undertaking such transaction is created in accordance with Section 5.1(l).

"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.

"Pipeline Groups" means (i) NWP and its Subsidiaries, (ii) TGPL and its Subsidiaries, and (iii) Pipeline Holdco and its Subsidiaries (other than NWP, TGPL and their respective Subsidiaries).

"Pipeline Holdco" means Williams Gas Pipeline Company, LLC, a Delaware limited liability company.

"Pipeline Holdco Guaranty" means the guaranty executed by Pipeline Holdco in substantially the form of Exhibit E-1, as amended, supplemented or otherwise modified from time to time.

"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, any Credit Party or any ERISA Affiliate of any Credit Party for employees of any Credit Party 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" means the Pledge Agreement executed by WFSGI in substantially the form of Exhibit F, as amended, supplemented or otherwise modified from time to time.

"Power Portfolio Disposition Transaction" means the sale, buyout, liquidation or material restructuring, not in the ordinary course of business, of a tolling or full requirements structured transaction in existence on the date hereof, and associated hedging obligations; provided that in the good faith belief of an executive officer of TWC, such sale, buyout, liquidation or restructuring is consistent with the effort to reduce the risk profile and overall financial commitment of TWC's power business.

"Purchase Card Agreement" means that certain Purchase Card Agreement between TWC and CUSA dated January 29, 2002, as amended, supplemented or otherwise modified from time to time.

"Rating Category" means, as to any Borrower, the relevant category (designated as a "Level" followed by a Roman numeral) applicable to such Borrower from time to time as set forth on Schedule IV, 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 higher rating of such Borrower's senior unsecured long-term debt by S&P or Moody's, unless there is more than one subgrade split between the two ratings, then the Level that is one below the Level that would otherwise result from the higher of the two ratings shall apply. For example, if S&P rates the senior unsecured long-term debt of a Borrower BB+ and Moody's rates such debt B2, then Level III on Schedule IV shall apply to such Borrower.

"Real Property Mortgages" means the Initial Mortgages, each Additional Mortgage and each mortgage or deed of trust delivered pursuant to Section 5.1(g)(iii).

"Reclassified Tolling Arrangements" means those Existing Tolling Arrangements that are reclassified in accordance with GAAP (whether as a result of amendment, modification or otherwise) after December 31, 2003 as debt.

"Register" has the meaning specified in Section 8.5(c).

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time.

"Reimbursement Obligations" means, at any time, in respect of any Borrower the obligations of such Borrower then outstanding, or that may thereafter arise, in respect of all Letters of Credit issued at the request of such Borrower then outstanding to reimburse amounts paid by any Issuing Bank in respect of any drawings under any such Letter of Credit.

"Related Party" of any Person means any other Person 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 other Person or others performing similar functions (irrespective of whether or not at the time Equity Interests of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such first Person or which

owns at the time directly or indirectly more than 10% of the outstanding Equity Interests having ordinary voting power to elect a majority of the board of directors of such first Person or others performing similar functions (irrespective of whether or not at the time Equity Interests of any other class or classes of such first Person shall or might have voting power upon the occurrence of any contingency); provided that (i) no Person that is part of the Non-Pipeline TWC Group shall be considered to be a Related Party of any other Person that is a part of the Non-Pipeline TWC Group and (ii) no Person that is a part of a Pipeline Group shall be considered to be a Related Party of any other Person that is a part of the same Pipeline Group.

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

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Banks, pursuant to Section 2.1(a).

"Revolving Credit Commitment" means, with respect to any Bank for any Borrower at any time, the amount set forth opposite such Bank's name for such Borrower on Schedule III hereto under the caption "Revolving Credit Commitment" for such Borrower or, if such Bank has entered into one or more Transfer Agreements or Revolving Credit Commitment Increase Agreements, set forth for such Bank and such Borrower in the Register maintained by the Agent pursuant to Section 8.5(c) as such Lender's "Revolving Credit Commitment" for such Borrower, as such amount may be terminated or reduced at or prior to such time pursuant to Section 2.4 or Section 6.1.

"Revolving Credit Commitment Increase Agreement" means an agreement substantially in the form of Exhibit L-1 or L-2 executed pursuant to Section 2.19 by TWC, the Agent, the Issuing Banks and either a New Revolving Bank or a Bank that has agreed to increase its Revolving Credit Commitment.

"Revolving Credit Facility Increase" has the meaning specified in Section 2.19(a).

"Revolving Credit Facility Increase Effective Date" has the meaning specified in Section 2.19(b).

"Revolving Credit Facility Increase Notice" has the meaning specified in Section 2.19(b).

"RMT" means Williams Production RMT Company, a Delaware corporation and its Subsidiaries.

"RMT Loan Agreement" means the Term Loan Agreement, dated as of May 30, 2003, by and among Williams Production Holdings LLC, Williams Production RMT Company, Lehman Brothers Inc. and Banc of America Securities LLC, as joint lead arrangers, Citicorp USA, Inc. and JPMorgan Chase Bank, as co-syndication agents, Bank of America, N.A., as documentation agent, and Lehman Commercial Paper Inc., as administrative agent, and the several lenders from time to time parties thereto, as amended, supplemented or otherwise modified from time to time, or any extension, refinancing or replacement thereof, whether with the same or a different group of lenders.

"S&P" means Standard & Poor's Rating Group, a division of The McGraw Hill Companies, Inc. on the date hereof or its successor.

"Sale and Leaseback 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 (other than the property listed on Schedule XII), whether now owned or hereafter acquired to any other Person (a "Transferee"), and whereby such first Person or

any Subsidiary of such first 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 first Person or any Subsidiary of such first Person intends to use for substantially the same purpose or purposes as the property sold or transferred.

"Security Agreements" means the Western Midstream Security Agreement, the Pledge and each security agreement delivered pursuant to Section 5.1(g).

"Security Documents" means the Security Agreements, the Real Property Mortgages and, for purposes of Sections 2.5(e) and 8.15, Article VII, paragraph (v) of Schedule IX-1, paragraph (q) of Schedule IX-2 and any Transfer Agreement only, any security agreement or pledge delivered in order to comply with Section 5.2(m).

"Solvent" and "Solvency" means, 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 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 8.5(g).

"Specified Escrow Arrangements" means (a) encumbrances arising under the Pledge and Assignment Agreement for the Purchase Card Agreement, 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.

"Subsidiary" of any Person means any corporation, partnership, joint venture or other Business 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 Business 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 Business Entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person.

"Syndication Agent" means BofA in its capacity as syndication agent hereunder.

"Termination Date" means the earlier of (i) May 3, 2007 or (ii) the date of termination in whole of the Commitments pursuant to Section 2.4 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 could reasonably be expected to result in a termination of, or the appointment of a trustee to administer, a Plan, or which causes any Credit Party, due to actions of the PBGC, to be required to contribute at least $125,000,000 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 a Credit Party or any ERISA Affiliate of a Credit Party 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 a Credit Party or any ERISA Affiliate of a Credit Party under Section 4064 of ERISA upon the termination of a Plan or Multiple Employer Plan, or (iii) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (iv) any other event or condition which could reasonably be expected to result in the termination of, or the appointment of, a trustee to administer, any Plan under Section 4042 of ERISA, other than (in the case of clauses (ii), (iii) and (iv) of this definition) where the matters described on such clauses, in the aggregate, could not reasonably be expected to have a Material Adverse Effect in respect of any Borrower.

"TGPL" has the meaning specified in the recitals hereto.

"Trading Book" means the trading transactions of Williams Power and its Subsidiaries, inclusive of structured portfolio transactions, consisting primarily of tolling and full requirements transactions.

"Trading Book Termination Date" means the date on which all or substantially all of the Trading Book is sold or otherwise disposed of and all or substantially all of the liabilities and obligations of TWC and its Subsidiaries related to the Trading Book are terminated.

"Transfer Agreement" means an agreement executed pursuant to Section 8.5 by an assignor Bank and assignee Bank substantially in the form of Exhibit C, which agreement shall be executed by the Borrowers, the Issuing Banks 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 8.5.

"TWC" has the meaning specified in the recitals hereto.

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

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

"Unused Revolving Credit Commitment" means, with respect to each Bank for each Borrower at any time, (a) such Bank's Revolving Credit Commitment for such Borrower at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances owed by such Borrower to such Bank and outstanding at such time and (ii) such Bank's aggregate Letter of Credit Liabilities for all Letters of Credit issued at the request of such Borrower.

"Wamsutter Gathering System" means the assets described on Schedule XI.

"Western Midstream Assets" means all assets now or hereafter existing that are either individually, or in conjunction with other Western Midstream Assets, an intrinsic part of the Western Midstream Business, except that "Western Midstream Assets" shall not include any Excluded Assets.

"Western Midstream Business" means the business of gathering, marketing, dehydrating, treating, processing, fractionating, storing, selling and transporting Hydrocarbons directly related to the Southwest Wyoming, Wamsutter, San Juan Conventional, Manzanares and Torre Alta systems referred to in the Information Memorandum; provided, that "Western Midstream Business" shall not include (i) operations that are directly related to the exploration and production of Hydrocarbons, and (ii) the interstate transportation and storage of natural gas and associated liquid hydrocarbons under the jurisdiction of the

Natural Gas Act. For the avoidance of doubt, "Western Midstream Business" shall not include any Subsidiaries of WFSGI other than the Western Midstream Subsidiaries.

"Western Midstream Guaranty" means the guaranty executed by WFSC, WGPC and WGPWC in substantially the form of Exhibit E-2, as amended, supplemented or otherwise modified from time to time.

"Western Midstream Security Agreement" means the security agreement executed by WFSC, WGPC and WGPWC in substantially the form of Exhibit G, as amended, supplemented or otherwise modified from time to time.

"Western Midstream Subsidiaries" means WFSC, WGPC, WGPWC and each other Subsidiary of WFSGI that owns any part of the Western Midstream Business.

"WFSC" means Williams Field Services Company, a Delaware corporation.

"WFSC Mortgage" means the Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in Colorado, the Line of Credit Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in New Mexico, and the Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in Wyoming executed by WFSC in substantially the form of Exhibit H, as amended, supplemented or otherwise modified from time to time.

"WFSGI" means Williams Field Services Group, Inc, a Delaware corporation.

"WGPC " means Williams Gas Processing Company, a Delaware corporation.

"WGPC Mortgage" means the Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in Colorado, the Line of Credit Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in New Mexico, and the Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in Wyoming executed by WGPC in substantially the form of Exhibit H, as amended, supplemented or otherwise modified from time to time.

"WGPWC" means Williams Gas Processing-Wamsutter Company, a Delaware corporation.

"WGPWC Mortgage" means the Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing, and Financing Statement to be filed in Wyoming executed by WGPWC in substantially the form of Exhibit H, as amended, supplemented or otherwise modified from time to time.

"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.

"Williams Power" means Williams Power Company, a Delaware corporation, and its Subsidiaries.

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

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 GAAP. To the extent there are any changes in GAAP from the date of this Agreement, the financial covenants set forth herein will continue to be determined in accordance with GAAP in effect on the Effective Date, as applicable, until such time, if any, as such financial covenants are adjusted or reset to reflect such changes in GAAP and such adjustments or resets are agreed to in writing by the Borrowers and the Agent (after consultation with the Majority Banks).

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.

ARTICLE II

AMOUNTS AND TERMS OF THE REVOLVING CREDIT ADVANCES AND LETTERS OF CREDIT

SECTION 2.1. Revolving Credit Advances and Letters of Credit.

(a) Revolving Credit Advances. Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to each Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date; provided that in no event shall the sum of the aggregate amount of all Revolving Credit Advances owed to such Bank outstanding to such Borrower plus the aggregate amount of all Letter of Credit Liabilities held by such Bank for all Letters of Credit issued at the request of such Borrower exceed at any time such Bank's Revolving Credit Commitment for such Borrower at such time; provided further that in no event shall the sum of the aggregate amount of all Revolving Credit Advances to all Borrowers owed to any Bank plus the aggregate amount of all Letter Credit Liabilities held by such Bank for all Letters of Credit exceed the

Revolving Credit Commitment of such Bank for TWC. Each Revolving Credit Borrowing to a Borrower shall be in an aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Revolving Credit Advances made on the same day by the Banks ratably according to their respective Revolving Credit Commitments for such Borrower. Within the limits of this Section 2.1(a), a Borrower may borrow under this Section 2.1(a), prepay pursuant to Section 2.5 and reborrow under this Section 2.1(a).

(b) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit in Dollars at the request of any Borrower (such issuance, and any funding of a draw thereunder, are deemed made by the Issuing Banks in reliance on the agreements of the other Banks pursuant to Section 2.2) from time to time on any Business Day during the period from the Effective Date until 30 days prior to the Termination Date in an aggregate Available Amount (i) for all Letters of Credit issued by the Issuing Banks not to exceed at any time the aggregate of all Letter of Credit Commitments at such time, (ii) for all Letters of Credit issued by any Issuing Bank not to exceed at any time the Letter of Credit Commitment of such Issuing Bank at such time, (iii) for all Letters of Credit outstanding at any time issued at the request of any Borrower not to exceed an amount equal to the Revolving Credit Commitments of the Banks for such Borrower at such time minus the aggregate amount of all Revolving Credit Advances outstanding to such Borrower at such time; provided that in no event shall the sum of the aggregate amount of all Revolving Credit Advances to all Borrowers owed to any Bank plus the aggregate amount of all Letter of Credit Liabilities held by such Bank for all Letters of Credit exceed the Revolving Credit Commitment of such Bank for TWC. No Letter of Credit shall have an expiration date (including all rights of a Borrower or the beneficiary to require renewals) later than 7 Business Days prior to the date set forth in clause (i) of the definition herein of Termination Date. Within the limits referred to above, a Borrower may request the issuance of Letters of Credit under this Section 2.1(b), repay any Letter of Credit Liability resulting from drawings thereunder pursuant to Section 2.2(c) and request the issuance of additional Letters of Credit under this Section 2.1(b).

SECTION 2.2. Issuance of and Drawings and Reimbursement Under Letters of Credit.

(a) Notice of Issuance. A 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 D-1 (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 no Borrower may request a Letter of Credit to support any Debt or for any unlawful purpose. The Issuing Bank issuing any Letter of Credit may specify therein whether such Letter of Credit will be subject to the International Standby Practices, the Uniform Customs and Practices or other practices. A Letter of Credit will be deemed to be issued at the request of (i) NWP, if NWP gives the Notice of Letter of Credit in respect of such Letter of Credit; (ii) TGPL, if TGPL gives the Notice of Letter of Credit in respect of such Letter of Credit and (iii) TWC, if neither NWP nor TGPL gives the Notice of Letter of Credit in respect of such Letter 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 at the request of any Borrower 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 Available 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, liability to pay such amount and shall be unconditionally obligated to such Issuing Bank to the extent provided in this Section 2.2.

(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 applicable 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 such Borrower) at least one Business Day after the date on which the Agent shall deliver such notice to the applicable Borrower pursuant to this sentence. Each Borrower hereby unconditionally agrees to pay and reimburse the Agent for the account of the Issuing Bank that issued a Letter of Credit at the request of such Borrower 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 (or on the next Business Day, if same day payment is required by the terms of such Letter of Credit pursuant to a request of such Borrower and if the notice to such Borrower from such Issuing Bank in respect of such demand contemplated by the first sentence of this Section 2.2(c) is not given prior to 9:00 a.m. (New York City time) on such date), without presentment, demand, protest or other formalities of any kind, in each case together with interest thereon at a rate per annum equal to the Base Rate plus the Applicable Margin in effect from time to time for such Borrower as to Base Rate Advances, for the period from the date of such demand until the date of such reimbursement. Each 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 a 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 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 a Borrower fails to make any payment to an Issuing Bank that such Borrower is required to make pursuant to Section 2.2(c), each Bank (other than such Issuing Bank) shall pay to the Agent, for the account of such Issuing Bank in 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 2.2(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 2.2(d), the financial condition of a Borrower (or any other Person), the existence of any Event of Default, any amendment, extension or other modification of any Letter of Credit or the reduction or termination of the Letter of Credit Commitments or the Revolving 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 2.2(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 applicable 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 applicable Borrower hereunder and under such Letter of Credit Documents in respect of such Reimbursement Obligation (other than the Fronting Fee contemplated by Section 2.11(b)(i)). Upon receipt by any Issuing Bank from or for the account of a 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 or the withdrawal and application of funds from the LC Cash Collateral Account in respect of such Borrower), such Issuing Bank shall promptly pay to the Agent, for the account of each Bank entitled thereto, such Bank's LC 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 such Issuing Bank. In the event any payment received by any Issuing Bank and so paid to the Banks hereunder is rescinded or must otherwise be returned by such 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 applicable Borrower in writing of such issuance or amendment and such notice shall be accompanied by a copy of such issued or amended Letter of Credit. 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 and any Letter of Credit Documents related thereto delivered to the Agent.

(g) Conditions Precedent to Issuance and Modification. The issuance by any Issuing Bank of a Letter of Credit shall be subject to satisfaction of each of the conditions precedent set forth in Section 3.2, 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 applicable Borrower shall have executed and delivered such applications, 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 amendment, modification or supplement to any Letter of Credit hereunder which increases the stated amount thereof shall be subject to the same conditions applicable under this Section 2.2 (including the conditions set forth in Section 3.2) to the issuance of new Letters of Credit, and no such amendment, 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 amended, 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 Sections 2.2(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 Borrowers hereby indemnify and hold 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 OR THE AGENT, AS THE CASE MAY BE). 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 2.2(I), BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE; provided that the Borrowers 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 (A) 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 (B) in the case of any Bank, such Bank's failure to pay its Letter of Credit Liabilities pursuant to Sections 2.2(d), (e) and (h).

(j) Existing Letters of Credit. All Existing Letters of Credit shall be deemed to be issued under this Agreement as of the Effective Date at the request of TWC and shall constitute Letters of Credit hereunder for all purposes (including Section 2.2(b) and Section 2.2(d)), and no notice requesting issuance thereof shall be required hereunder. Each reference herein to the issuance of a Letter of Credit shall include any such deemed issuance. The issuing bank listed on Schedule VII for any Existing Letter of Credit shall be the Issuing Bank for purposes of such Existing Letter of Credit. All fees accrued on the Existing Letters of Credit to but excluding the Effective Date shall be for the account of the relevant "Issuing Bank" and the "Banks" (as those terms are used in the Existing Agreement) as provided in the Existing Agreement, and all fees accruing on the Existing Letters of Credit on and after the Effective Date shall be for the account of the relevant Issuing Bank thereof and the Banks as provided herein.

(k) Cash Collateral. If any amounts are deposited in the LC Cash Collateral Account in respect of TWC pursuant to Section 2.5(d), such amounts shall be applied first, to pay Reimbursement Obligations in respect of Letters of Credit issued at the request of TWC outstanding at the time of such deposit and, second, either (i) if at the time all such Letters of Credit terminate and all such Reimbursement Obligations are paid no Event of Default has occurred and is continuing (or if the Agent has not declared all amounts hereunder to be due and payable), returned to TWC or (ii) if at such time an Event of Default has occurred and is continuing (and if the Agent has declared all amounts owed hereunder to be due and payable), held by the Agent in the LC Cash Collateral Account in respect of TWC in accordance with Section 6.2.

(l) Applicability of ISP98 (ICC Publication No. 59). Unless otherwise expressly agreed by an Issuing Bank and a Borrower when a Letter of Credit is issued or except as otherwise specifically provided in respect of an Existing Letter of Credit, the rules of the "International Standby Practices 1998"

published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

SECTION 2.3. Making the Revolving Credit Advances.

(a) Each Revolving Credit Borrowing shall be made on notice, given not later than 11:00 a.m. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, or 10:00 a.m. (New York City time) on the Business Day of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower requesting such Revolving Credit Borrowing to the Agent, which shall give to each Bank prompt notice thereof. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier in substantially the form of Exhibit D-2 hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Revolving Credit Advances, (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. Each Bank shall, before 12:00 p.m. (New York City time) on the date of such Revolving Credit Borrowing, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.2 (excluding, for such purpose, any address to which copies are to be sent), in same day funds, such Bank's ratable portion of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Section 3.2, the Agent will make such funds available to the Borrower requesting such Revolving Credit Borrowing at such address.

(b) Anything in Section 2.3(a) to the contrary notwithstanding, a Borrower may not select Eurodollar Rate Advances for any Revolving Credit Borrowing if the obligation of the Banks to make Eurodollar Rate Advances shall then be suspended pursuant to Sections 2.3(e), 2.14 or 2.16.

(c) No Borrower may select Eurodollar Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowings is less than $5,000,000.

(d) Each Notice of Revolving Credit Borrowing shall be irrevocable and binding on such Borrower. In the case of any Revolving Credit Borrowing that the related Notice of Revolving Credit Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower requesting such Borrowing shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure by such Borrower to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit Borrowing the applicable conditions set forth in Article III or as a result of a cancellation pursuant to Section 2.3(f), including 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 Revolving Credit Advance to be made by such Bank as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure or cancellation, is not made on such date.

(e) If the Agent is unable to determine the Eurodollar Rate for Eurodollar Rate Advances, the obligation of the Banks to make, or to Convert Revolving Credit 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 2.3(f), each Revolving Credit Advance comprising any requested Revolving Credit Borrowing shall be a Base Rate Advance.

(f) If a Borrower has requested a proposed Revolving Credit Borrowing consisting of Eurodollar Rate Advances and as a result of circumstances referred to in Section 2.3(e), Section 2.14(b) or Section 2.16 such Revolving Credit 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 Revolving Credit Borrowing would otherwise be made, cancel such Revolving Credit Borrowing, in which case such Revolving Credit Borrowing shall be cancelled and no Revolving Credit Advances shall be made as a result of such requested Revolving Credit Borrowing, but such Borrower shall indemnify the Banks in connection with such cancellation as contemplated by Section 2.3(d).

(g) Unless the Agent shall have received notice from a Bank prior to the date of any Revolving Credit Borrowing that such Bank will not make available to the Agent such Bank's ratable portion of such Revolving Credit Borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such Revolving Credit Borrowing in accordance with Section 2.3(a) and the Agent may, in reliance upon such assumption, make available to a Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Agent, such Bank and 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 Revolving Credit Advances comprising such Revolving Credit 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 Revolving Credit Advance as part of such Revolving Credit Borrowing for purposes of this Agreement and such Borrower shall be relieved of its obligations to repay on demand such amount under this Section 2.3(g).

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

SECTION 2.4. Reduction of the Commitments. (a) 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 (i) the Unused Revolving Credit Commitments for such Borrower and (ii) the unused portions of the Letter of Credit Commitments; provided that each partial reduction shall be in the aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall be made ratably among the Banks or Issuing Banks, as the case may be, in accordance with their respective Commitments for such Borrower or Letter of Credit Commitments, as the case may be, 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 in respect of all Letters of Credit; and provided further that the Revolving Credit Commitments for TWC shall not be reduced to an amount which is less than the greatest, for any Borrower, of the sum of (i) the aggregate outstanding principal amount of Revolving Credit Advances owed by such Borrower plus (ii) the aggregate amount of all Letter of Credit Liabilities in respect of Letters of Credit issued at the request of such Borrower; and provided further that the Revolving Credit Commitments for any Borrower shall not be reduced to an amount which is less than the sum of (i) the aggregate outstanding principal amount of Revolving Credit Advances owed by such Borrower plus (ii) the aggregate amount of all Letter of Credit Liabilities in respect of Letters of Credit issued at the request of such Borrower; and provided further that the Revolving Credit Commitments for TWC shall not be reduced to an amount which is less than the aggregate amount of the Letter of Credit Commitments. Each termination or reduction of any Commitment shall be permanent.

(b) The respective Revolving Credit Commitments of the Banks for TWC shall automatically be ratably reduced, on each Excess Proceeds Payment Date in respect of any Excess Proceeds, by an amount equal to the amount of such Excess Proceeds.

(c) If on any date (i) the respective Revolving Credit Commitments of the Banks for TWC are reduced pursuant to Section 2.4(b) and (ii) after giving effect to such reduction, the aggregate Revolving Credit Commitments of the Banks for TGPL would exceed the aggregate Revolving Credit Commitments of the Banks for TWC, then the respective Revolving Credit Commitments of the Banks for TGPL shall automatically be ratably reduced on such date by an amount equal to such excess.

(d) If on any date (i) the respective Revolving Credit Commitments of the Banks for TWC are reduced pursuant to Section 2.4(b) and (ii) after giving effect to such reduction, the aggregate Revolving Credit Commitments of the Banks for NWP would exceed the aggregate Revolving Credit Commitments of the Banks for TWC, then the respective Revolving Credit Commitments of the Banks for NWP shall automatically be ratably reduced on such date by an amount equal to such excess.

SECTION 2.5. Prepayments. (a) Each Borrower may, upon notice to the Agent, (i) before 10:00 a.m. (New York City time) for Base Rate Advances on the date of prepayment and (ii) upon at least two Business Days' notice to the Agent for Eurodollar Rate Advances, stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit 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 Section 8.4(c) as a result of such prepayment; provided that each prepayment pursuant to this Section 2.5(a) shall be in an aggregate principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

(b) TWC shall ratably repay the Revolving Credit Advances in a principal amount equal to 100% of all Excess Proceeds on each Excess Proceeds Payment Date in respect of such Excess Proceeds.

(c) Additionally, if at any date the sum of the aggregate amount of all Revolving Credit Advances owed to any Bank by any Borrower plus the aggregate amount of all Letter of Credit Liabilities held by such Bank for all Letters of Credit issued at the request of such Borrower exceeds such Bank's Revolving Credit Commitment for such Borrower at such date, such Borrower shall, on such date, ratably repay the Revolving Credit Advances owed by such Borrower in a principal amount necessary so that (after giving effect to such repayment) the sum, for each Bank, of the aggregate amount of all Revolving Credit Advances owed to such Bank by such Borrower plus the aggregate amount of all Letter of Credit Liabilities held by such Bank for all Letters of Credit issued at the request of such Borrower does not exceed such Bank's Revolving Credit Commitment for such Borrower at such date.

(d) At the time of each payment pursuant to Section 2.5(b) or 2.5(c) by a Borrower, such Borrower shall also pay accrued interest to the date of such payment on the principal amount paid and amounts, if any, required to be paid pursuant to Section 8.4(c) as a result of such payment. To the extent that any amount would be required hereunder to be applied to Revolving Credit Advances owed by any Borrower but for the fact that no Revolving Credit Advances to such Borrower remain outstanding, such Borrower will cause such amount first, to be paid on any outstanding unreimbursed drawings under Letters of Credit issued at the request of such Borrower and, second to be deposited in the LC Cash Collateral Account in respect of such Borrower.

(e) All amounts received by the Collateral Agent pursuant to any Security Document shall be applied first, to reimburse the Collateral Agent for all costs, fees, expenses and other amounts to the

extent provided in such Security Document, second, to ratably pay the principal of and interest of the Revolving Credit Advances and unpaid drawings under Letters of Credit, third to ratably pay all other Obligations, and fourth to be deposited in one or more LC Cash Collateral Accounts to the extent any Letters of Credit are outstanding.

SECTION 2.6. Increased Costs.

(a) If any Bank or Issuing Bank determines that (i) the introduction of or any change in or in the interpretation, application or applicability of any law or regulation or (ii) the compliance with any guideline issued or request made by any central bank or other governmental or monetary authority (whether or not having the force of law), in each case introduced, changed, issued or made after the date hereof (in the case of each Bank or Issuing Bank which is a party to this Agreement on the date this Agreement becomes effective) or after the effective date of the Transfer Agreement, Revolving Credit Commitment Increase Agreement or Letter of Credit Commitment Increase Agreement pursuant to which a Person becomes a Bank or an Issuing Bank (in the case of each other Bank or Issuing Bank), 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 lend hereunder, 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 and related certificate (which certificate shall specify in reasonable detail the nature of such change in capital requirements, the proposed (or actual) compliance change to be adopted by the applicable Bank or Issuing Bank and the calculations upon which any compensation is claimed hereunder) to the Agent), the Borrowers shall immediately pay to the Agent within five Business Days of receipt of such demand 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 lend, 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 Borrowers 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 absent manifest error. No Bank or Issuing Bank shall have any right to recover any additional amounts under this Section 2.6(a) for any period more than 90 days prior to the date such Bank or Issuing Bank, as the case may be, notifies the Borrowers of any such compliance.

(b) 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 issued or request made by any central bank or other governmental or monetary authority (whether or not having the force of law), in each case introduced, changed, issued or made after the date hereof (in the case of each Bank which is a party to this Agreement on the date this Agreement becomes effective) or after the effective date of the Transfer Agreement or Revolving Credit Commitment Increase Agreement pursuant to which a Person becomes a Bank (in case of each other Bank), 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, from that in effect at the date hereof or at the date of such Transfer Agreement or Revolving Credit Commitment Increase Agreement, as the case may be, 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 absent manifest error. 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 such Borrower of any such introduction, change, compliance or proposed compliance.

(c) In the event that any Bank (other than a Bank that is also an Issuing Bank) (i) makes a demand for payment under Section 2.8 or 2.17 or this Section 2.6, or (ii) does not agree to provide its consent or agree to any amendment or waiver pursuant to Section 8.1 where such consent or agreement to provide an amendment or waiver is required of all the Banks hereto, TWC may within 90 days of such demand or non-consent, 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 8.5(a), and clauses (b) and (d) of Section 8.5 (including execution of an appropriate Transfer Agreement); provided that (v) all obligations of such Bank to lend hereunder or purchase participations in Letters of Credit shall be terminated and the Letter of Credit Interests held by such Bank and 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 and fees at or prior to such replacement, (w) such replacement bank shall be an Eligible Assignee, (x) such replacement bank shall, from and after such replacement, be deemed for all purposes to be a "Bank" hereunder with a Revolving Credit Commitment for each Borrower and Letter of Credit Liabilities in the amount of the Revolving Credit Commitment for such Borrower and Letter of Credit Liabilities of such Bank in respect of such Borrower immediately prior to such replacement (plus, if such replacement bank is already a Bank prior to such replacement the respective Revolving Credit Commitments for each Borrower for each Borrower and Letter of Credit Liabilities of such Bank in respect of 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, including obligations under Section 2.2, (y) 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 specification of the information contemplated by Schedule I as to such replacement bank), and (z) no Bank or Issuing Bank shall be required to increase any Commitment it may have or to replace such Bank being replaced.

(d) Before making any demand under this Section 2.6, 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 2.7. 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 Dollars to the Agent at its address referred to in Section 8.2 (excluding, for such purpose, any address to which copies are to be sent), in each case in same day funds, without deduction, counterclaim or offset of any kind. The Agent will promptly thereafter cause to be distributed to the Banks like funds relating to the payment of principal, interest or any fees payable 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 or Issuing Bank to such Bank or Issuing Bank, as the case may be, for the account of its Applicable 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 2.11(a), any other fee paid to the Agent, as such, or any Fronting Fee, other fee, cost or charge paid to an Issuing Bank pursuant to Section 2.11(b)(i).

(b) (i) All computations of interest based on clause (a) 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 Letter of Credit Fees, Commitment Fees, Fronting Fees and all other fees and of interest based on the Eurodollar Rate, the Federal Funds Rate and interest pursuant to Section 2.17 shall be made by the Agent 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, Letter of Credit Fees, Commitment Fees, Fronting Fees or other 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.

(c) 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, Commitment Fee, Letter of Credit Fee, Fronting Fee or any other fee hereunder, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Revolving Credit Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) 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 2.8. Taxes.

(a) Any and all payments by any Borrower hereunder shall be made, in accordance with Section 2.7, 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, each Issuing Bank and the Agent, (i) taxes imposed on its net income or net profits, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Bank, such Issuing 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, such Issuing Bank or the Agent, as the case may be, and the jurisdiction imposing such tax or any political subdivision thereof (other than any such connection arising solely from such Bank, such Issuing Bank or the Agent, as the case may be, having executed or delivered, or performed its obligations or received a payment under, or taken any other action related to any Credit Document) and, in the case of each Bank, taxes imposed on its net income or net profits, and franchise taxes imposed on it, by the jurisdiction of such Bank's Applicable Lending Office or any political subdivision thereof (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, any Issuing Bank or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions for Taxes (including deductions for Taxes applicable to additional sums payable under this Section 2.8) such Bank, such Issuing Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions for Taxes 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 all present or future filing or recording fees, stamp or documentary taxes and all other excise or property taxes, charges or similar levies which arise from any payment made by such Borrower hereunder or from the execution, delivery, filing, recording or registration of, or otherwise with respect to, any Credit Document (herein referred to as "Other Taxes").

(c) Each 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 2.8) 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 such Borrower shall have no liability pursuant to this clause (c) of this Section 2.8 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 TWC in writing and provide TWC 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 TWC shall not relieve TWC of any of its obligations hereunder.

(e) Promptly following 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 8.2, the original or a certified copy of a receipt evidencing payment thereof (or, if no such receipt is reasonably available, other evidence of payment reasonably acceptable to the Agent). 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 such Borrower of Taxes or Other Taxes as required by this Section 2.8 (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 such 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 or Revolving Credit Commitment Increase 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 Code, (ii) a ten-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of such Borrower or (iii) a controlled foreign corporation related to such Borrower (within the meaning of Section 864(d)(4) of the 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 any Borrower with the appropriate form, certificate or other document required by subsection (f) of this Section 2.8 (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 2.8 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 (at such Bank's expense) to assist such Bank in recovering such Taxes.

(h) Any Bank claiming any additional amounts payable pursuant to this Section 2.8 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) If a Borrower determines in good faith that a reasonable basis exists for contesting a Tax, the relevant Bank, or the Agent, as applicable, shall provide reasonable cooperation to such Borrower in challenging such Tax at such Borrower's expense and if requested by such Borrower in writing; provided, however, that no Bank shall be required to take any action hereunder which, in the reasonable discretion of such Bank, would cause such Bank or its Applicable Lending Office to suffer a legal, regulatory or material economic disadvantage.

(j) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 2.8 shall survive the payment in full of principal and interest hereunder and the Termination Date.

(k) Notwithstanding any provision of this Agreement or the Notes to the contrary, this Section 2.8 shall be the sole provision governing indemnities for and claims for Taxes under this Agreement.

(l) Notwithstanding any other provision in this Section 2.8, no additional amount shall be required to be paid by any Borrower under Section 2.8(a) or 2.8(c) to any Bank organized under the laws of a jurisdiction outside the United States in respect of Taxes or any liabilities (including penalties, interest and expenses arising therefrom or with respect thereto), except to the extent that any change after the date hereof (in the case of each Bank which is a party to this Agreement on the date this Agreement becomes effective) or after the effective date of the Transfer Agreement or Revolving Credit Commitment Increase Agreement pursuant to which a Person becomes a Bank (in case of each other Bank) in any such requirement for a deduction, withholding or payment of Taxes described in this Section 2.8 shall result in an increase in the rate of such deduction, withholding or payment from that in effect at the date hereof (in the case of each Bank which is a party to this Agreement on the date of this Agreement) or at the date of such Transfer Agreement or Revolving Credit Commitment Increase Agreement, as the case may be (in the case of each other Bank). For avoidance of doubt, this Section 2.8(l) does not apply to Other Taxes.

SECTION 2.9. 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 Revolving Credit Advances owed to it or its Letter of Credit Interest (other than pursuant to Section 2.6, 2.8, 2.17, 8.4(b) or 8.4(c)) in excess of its ratable share of payments on account of all Revolving Credit

Advances and Letter of Credit Interests obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the Revolving Credit Advances and 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 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 2.9 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. For avoidance of doubt, in no event shall the Borrowers be liable for duplicative payments under this Section 2.9 in respect of any Obligations.

SECTION 2.10. Evidence of Debt. (a) Each Bank and Issuing Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Bank or Issuing Bank resulting from each Revolving Credit Advance or Letter of Credit Interest owing to such Bank or Issuing Bank, as the case may be, from time to time, including the amounts of principal and interest payable and paid to such Bank or Issuing Bank from time to time hereunder. Each Borrower agrees that upon notice by any Bank to such Borrower (with a copy of such notice to the Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Bank to evidence (whether for purposes of pledge, enforcement or otherwise) the Revolving Credit Advances to such Borrower owing to, or to be made by, such Bank, such Borrower shall promptly execute and deliver to such Bank, with a copy to the Agent, a Note in substantially the form of Exhibit I hereto payable to the order of such Bank. All references to Notes in the Credit Documents shall mean Notes, if any, to the extent issued hereunder.

(b) The Register maintained by the Agent pursuant to Section 8.5(c) shall set forth (i) the date and amount of each Letter of Credit and Revolving Credit Borrowing made hereunder, the Type of Revolving Credit Advances comprising such Revolving Credit Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Transfer Agreement, Revolving Credit Commitment Increase Agreement and Letter of Credit Commitment Increase Agreement delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Bank hereunder, and (iv) the amount of any sum received by the Agent from any Borrower hereunder and each Bank's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Bank or Issuing Bank in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from any Borrower to, in the case of the Register, the Agent and, in the case of such account or accounts, such Bank or Issuing Bank, under this Agreement, absent manifest error; provided, however that the failure of the Agent or such Bank or Issuing Bank to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of any Credit Party under any Credit Document.

SECTION 2.11. Fees.

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

(b) Letter of Credit Fees.

(i) Fronting Fee and Other Fees and Charges of Issuing Banks. Each Borrower agrees to pay to the Agent for the account of each Issuing Bank a fronting fee (a "Fronting Fee") based on the Available Amount of each Letter of Credit issued at the request of such Borrower (for the stated duration thereof) issued by such Issuing Bank in an amount equal to 0.15% per annum. All Fronting Fees payable pursuant to this Section 2.11(b)(i) shall be payable in arrears on the last Business Day of each Fiscal Quarter, on the Termination Date and on demand from time to time during the continuance of an Event of Default. In addition, each Borrower shall pay directly to each Issuing Bank for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such Issuing Bank relating to Letters of Credit issued at the request of such Borrower as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(ii) Participating Banks. Each Borrower agrees to pay to the Agent for the account of each Bank a letter of credit fee (a "Letter of Credit Fee") based on such Bank's LC Participation Percentage of the average daily aggregate Available Amount of all Letters of Credit issued at the request of such Borrower outstanding from time to time at a rate per annum equal from time to time to the Applicable Margin for Eurodollar Rate Advances for such Borrower in effect from time to time (for the stated duration thereof). All amounts payable pursuant to this Section 2.11(b)(ii) shall be paid in arrears on the last Business Day of each Fiscal Quarter, on the Termination Date and on demand from time to time during the continuance of an Event of Default.

(c) Commitment Fees. TWC agrees to pay to the Agent for the account of each Bank a commitment fee (a "Commitment Fee"), in an amount equal to the Applicable Commitment Fee Rate in effect from time to time multiplied by the average daily amount of such Bank's Unused Revolving Credit Commitment for TWC (for purposes of computing Commitment Fees only, Revolving Credit Advances made to any Borrower shall be considered to have been made to TWC and Letters of Credit issued at the request of any Borrower shall be considered to have been issued at the request of TWC, and accordingly, for purposes of computing Commitment Fees only, both shall be considered to be usage of such Revolving Credit Commitment for TWC). All amounts payable pursuant to this Section 2.11(c) shall be paid in arrears on the last Business Day of each Fiscal Quarter and on the Termination Date.

SECTION 2.12. Repayment of Revolving Credit Advances. Each Borrower shall repay to the Agent for the ratable account of the Banks on the date set forth in clause (i) of the definition herein of Termination Date, or such earlier date as may be applicable pursuant to Article VI, the aggregate principal amount of the Revolving Credit Advances made to such Borrower then outstanding.

SECTION 2.13. Interest.

(a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance made to such Borrower from the date of such Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Revolving Credit Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time for such Borrower as to Base Rate Advances, payable in arrears quarterly on the last Business Day of each Fiscal Quarter during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Revolving Credit Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving Credit Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Revolving Credit Advance plus (y) the Applicable Margin in effect from time to time for such Borrower as to Eurodollar Rate Advances, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, each Borrower shall pay interest on (i) the past due principal amount (if any) of (x) each Revolving Credit Advance owing to each Bank by such Borrower, payable in arrears on demand and (y) each past due Reimbursement Obligation (if any) owing by such Borrower, payable in arrears on demand, at a rate per annum equal to 2% per annum above the rate per annum required to be paid on such Revolving Credit Advance pursuant to Section 2.13(a) or such rate per annum required to be paid on such Reimbursement Obligation pursuant to Section 2.2(c) and (ii) to the fullest extent permitted by law, the amount of any interest, Fronting Fee, Commitment Fee, Letter of Credit Fee or any other fee or other amount payable hereunder that is not paid when due (giving effect to any grace period), from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances owed by such Borrower pursuant to Section 2.13(a)(i).

SECTION 2.14. Interest Rate Determination.

(a) The Agent shall give prompt notice to the Borrowers and the Banks of the applicable interest rate determined by the Agent for purposes of Section 2.13(a)(i) or 2.13(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Majority Banks notify the Agent that either (1) the Eurodollar Rate for any Interest Period for such Eurodollar Rate Advances will not adequately reflect the cost to such Majority Banks of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, or (2) Dollar deposits for the relevant amounts and Interest Period for their respective Eurodollar Rate Advances are not available to them in the London interbank market, 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 obligation of the Banks to make, or to Convert Revolving Credit 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.

(c) If a Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify such Borrower and the Banks and such Revolving Credit Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Revolving Credit Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Revolving Credit Advances shall automatically Convert into Base Rate Advances and the applicable Borrower shall pay any amounts required to be paid pursuant Section 8.4(c) as a result of such Conversion.

(e) If any Event of Default exists as to any Borrower, (i) each Eurodollar Rate Advance made to such Borrower will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Banks to make Eurodollar Rate Advances to such Borrower, and to Convert Advances made to such Borrower into Eurodollar Rate Advances, shall be suspended.

SECTION 2.15. Optional Conversion of Revolving Credit Advances. Any Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 a.m. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.14 and 2.16, Convert all Revolving Credit Advances of one Type comprising the same Revolving Credit Borrowing made to such Borrower into Revolving Credit Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances and any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof. Each such notice of a Conversion shall, within the restrictions specified above, specify (a) the date of such Conversion, (b) the Revolving Credit Advances to be Converted and (c) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Revolving Credit Advance. Each notice of Conversion shall be irrevocable and binding on such Borrower.

SECTION 2.16. Illegality. 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 makes it unlawful, or any central bank or other governmental authority having relevant jurisdiction asserts that it is unlawful, for any Bank or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (a) each Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance and (b) the obligation of the Banks to make Eurodollar Rate Advances or to Convert Revolving Credit 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.

SECTION 2.17. 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 Federal Reserve Board 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 Revolving Credit 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 (a) the Eurodollar Rate for the Interest Period for such Revolving Credit Advance from (b) 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 Revolving Credit 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 2.17 for any period more than 90 days prior to the date such Bank notifies such Borrower that additional interest may be charged pursuant to this Section 2.17.

SECTION 2.18. Nature of Obligations. Notwithstanding anything in this Agreement to the contrary, the respective obligations of the Borrowers under the Credit Documents are several and not joint. For avoidance of doubt, it is agreed that no Borrower shall be liable for the Revolving Credit Advances (or interest or fees with respect thereto) made to a different Borrower under Section 2.1(a), and no Borrower shall be liable for the Reimbursement Obligations (or related fees) with respect to Letters of Credit issued at the request of a different Borrower pursuant to Section 2.1(b).

SECTION 2.19. Facility Increases. (a) Subject to the terms and conditions set forth herein, TWC shall have the right, without the consent of the Banks but with the prior approval of the Agent and the Issuing Banks (not to be unreasonably withheld), to cause from time to time an increase in the Revolving Credit Commitments of the Banks for TWC (a "Revolving Credit Facility Increase") by adding to this Agreement one or more additional financial institutions that are not already Banks and that are approved by the Agent and the Issuing Banks (not to be unreasonably withheld) (each a "New Revolving Bank") or by allowing one or more existing Banks to increase their respective Revolving Credit Commitments for TWC or both; provided, that (i) a Revolving Credit Facility Increase shall be permitted only if (1) no Default or Event of Default shall have occurred and be continuing at the time the related Revolving Credit Facility Increase Notice is given and no Default or Event of Default shall have occurred and be continuing at the time such Revolving Credit Facility Increase becomes effective, (2) the aggregate amount of all Revolving Credit Facility Increases shall not exceed $500,000,000, and (3) the amount of such Revolving Credit Facility Increase is at least $25,000,000 (or the remaining amount of such $500,000,000 not subject to prior Revolving Credit Facility Increases), (ii) no Revolving Credit Commitment of any Bank shall be increased without such Bank's prior written consent, and (iii) if, on the effective date of any Revolving Credit Facility Increase, any Revolving Credit Advance is outstanding, then TWC shall be obligated to pay any loss, cost or expense contemplated by Section 8.4(c) in connection with any assignment pursuant to a Transfer Agreement referred to in Section 2.19(c) and the fees referred to in clause (iv) of Section 8.5(a) in connection with the Transfer Agreements referred to in Section 2.19(c).

(b) Any Revolving Credit Facility Increase shall be requested by written notice from TWC to the Agent (a "Revolving Credit Facility Increase Notice") in the form of Exhibit J. Each such Revolving Credit Facility Increase Notice shall specify (i) the proposed effective date of such Revolving Credit Facility Increase, which date shall be a Business Day and shall be no earlier than 5 Business Days after receipt by the Agent of such Revolving Credit Facility Increase Notice, (ii) the amount of any requested Revolving Credit Facility Increase, (iii) the identity of each New Revolving Bank and each Bank, if any, that has agreed in writing to increase its Revolving Credit Commitment for TWC, and (iv) the amount of the respective Revolving Credit Commitments for TWC of the then existing Banks and the New Revolving Banks from and after the Revolving Credit Facility Increase Effective Date. If (A) the Agent and the Issuing Banks consent to such Revolving Credit Facility Increase (such consent not to be unreasonably withheld), (B) TWC, the Agent, the Issuing Banks and each Bank that has agreed in writing to increase its Revolving Credit Commitment to TWC execute a Revolving Credit Commitment Increase Agreement in substantially the form of Exhibit L-2 and TWC, the Agent, the Issuing Banks and each New Revolving Bank execute a Revolving Credit Commitment Increase Agreement in substantially the form of Exhibit L-1, and (C) the Agent has received the Transfer Agreements contemplated by Section 2.19(c), then the Agent and the Issuing Banks shall execute a counterpart of the Revolving Credit Facility Increase Notice and such Revolving Credit Facility Increase shall be effective on the proposed effective date set forth in the Revolving Credit Facility Increase Notice (if the Agent and the Issuing Banks consented to such Revolving Credit Facility Increase prior to such proposed date) or on another date agreed to by the Agent, the Issuing Banks and TWC (such date referred to as the "Revolving Credit Facility Increase Effective Date").

(c) At least three Business Days before each Revolving Credit Facility Increase Effective Date relating to any Revolving Credit Facility Increase, if the Agent and the Issuing Banks have consented to such Revolving Credit Facility Increase, the Banks, the New Revolving Banks, the Issuing Banks and TWC shall enter into and deliver to the Agent appropriate Transfer Agreements, effective on such Revolving Credit Facility Increase Effective Date, in amounts such that after giving effect to such Revolving Credit Facility Increase and such Transfer Agreements, each Bank (including the New Revolving Banks and each Bank that has agreed to increase its Revolving Credit Commitment to TWC as a part of such Revolving Credit Facility Increase) hold Revolving Credit Advances of each of the Borrowers ratably according to their respective Revolving Credit Commitments for TWC.

(d) Each Revolving Credit Facility Increase shall become effective on the related Revolving Credit Facility Increase Effective Date and upon such effectiveness (i) the Agent shall record in the Register each New Revolving Bank's information as provided in the Revolving Credit Facility Increase Notice and pursuant to an administrative questionnaire satisfactory to the Agent that shall be executed and delivered by each New Revolving Bank to the Agent on or before the Revolving Credit Facility Increase Effective Date, (ii) part A of Schedule III shall be amended and restated to set forth all Banks (including any New Revolving Banks) that will be Banks hereunder after giving effect to such Revolving Credit Facility Increase (which shall be attached to the applicable Revolving Credit Facility Increase Notice and the Agent shall distribute to each Bank a copy of such amended and restated part A of Schedule III), and (iii) each New Revolving Bank identified on the Revolving Credit Facility Increase Notice for such Revolving Credit Facility Increase shall be a "Bank" for all purposes under this Agreement.

(e) Subject to the terms and conditions set forth herein, TWC shall have the right, without the consent of the Banks but with the prior approval of the Agent (not to be unreasonably withheld), to cause from time to time an increase in the Letter of Credit Commitments (a "Letter of Credit Facility Increase") by adding to this Agreement, as Issuing Banks, one or more additional financial institutions (including any existing Bank) that are not already Issuing Banks and that are approved by the Agent (not to be unreasonably withheld) (each a "New Letter of Credit Issuing Bank") or by allowing one or more existing Issuing Banks to increase their respective Letter of Credit Commitments or both; provided, that (i) a Letter of Credit Facility Increase shall be permitted only if (1) no Default or Event of Default shall have occurred and be continuing at the time the related Letter of Credit Facility Increase Notice is given and no Default or Event of Default shall have occurred and be continuing at the time such Letter of Credit Facility Increase becomes effective, (2) the aggregate amount of all Letter of Credit Facility Increases shall not exceed $500,000,000, (3) the amount of such Letter of Credit Facility Increase is at least $25,000,000 (or the remaining amount of such $500,000,000 not subject to prior Letter of Credit Facility Increases), and (4) a Revolving Credit Facility Increase becomes effective on the same date that such Letter of Credit Facility Increase becomes effective and in the same amount, or a greater amount, as such Letter of Credit Facility Increase, (ii) no Issuing Bank's Letter of Credit Commitment shall be increased without such Issuing Bank's prior written consent, and (iii) no Bank shall be required to become an Issuing Bank.

(f) Any Letter of Credit Facility Increase shall be requested by written notice from TWC to the Agent (a "Letter of Credit Facility Increase Notice") in the form of Exhibit K. Each such Letter of Credit Facility Increase Notice shall specify (i) the proposed effective date of such Letter of Credit Facility Increase, which date shall be a Business Day and shall be no earlier than 5 Business Days after receipt by the Agent of such Letter of Credit Facility Increase Notice, (ii) the amount of any requested Letter of Credit Facility Increase, (iii) the identity of each New Letter of Credit Issuing Bank and each Issuing Bank, if any, that has agreed in writing to increase its Letter of Credit Commitment, and (iv) the amount of the respective Letter of Credit Commitments of the then existing Issuing Banks and the New Letter of Credit Issuing Banks from and after the Letter of Credit Facility Increase Effective Date. If the Agent consents to such Letter of Credit Facility Increase (such consent not to be unreasonably withheld), and if

TWC, the Agent and each Issuing Bank that has agreed in writing to increase its Letter of Credit Commitment execute a Letter of Credit Commitment Increase Agreement in substantially the form of Exhibit L-4 and TWC, the Agent and each New Letter of Credit Issuing Bank execute a Letter of Credit Commitment Increase Agreement in substantially the form of Exhibit L-3, then the Agent shall execute a counterpart of the Letter of Credit Facility Increase Notice, and such Letter of Credit Facility Increase shall be effective on the proposed effective date set forth in the Letter of Credit Facility Increase Notice (if the Agent consented to such Letter of Credit Facility Increase prior to such proposed date) or on another date agreed to by the Agent and TWC (such date referred to as the "Letter of Credit Facility Increase Effective Date").

(g) Each Letter of Credit Facility Increase shall become effective on the related Letter of Credit Facility Increase Effective Date and upon such effectiveness (i) the Agent shall record in the Register each New Letter of Credit Issuing Bank's information as provided in the Letter of Credit Facility Increase Notice and pursuant to an administrative questionnaire satisfactory to the Agent that shall be executed and delivered by each New Letter of Credit Issuing Bank to the Agent on or before the Letter of Credit Facility Increase Effective Date, (ii) part B of Schedule III shall be amended and restated to set forth all Persons (including any New Letter of Credit Issuing Banks) that will be Issuing Banks hereunder after giving effect to such Letter of Credit Facility Increase (which shall be attached to the applicable Letter of Credit Facility Increase Notice and the Agent shall distribute to each Bank and each Issuing Bank a copy of such amended and restated part B of Schedule III), and (iii) each New Letter of Credit Issuing Bank identified on the Letter of Credit Facility Increase Notice for such Letter of Credit Facility Increase shall be a "Issuing Bank" for all purposes under this Agreement.

ARTICLE III

CONDITIONS

SECTION 3.1. Conditions Precedent to Effectiveness of Agreement. Article II shall become effective on and as of the date the Agent shall give the notice contemplated by Section 3.3 (the "Effective Date"), and upon such date the Effective Date shall be deemed to have occurred. Such notice will be given on the first date on which the Agent shall have received counterparts of this Agreement (or signature pages hereof) duly executed by the Borrowers, the Issuing Banks and all of the Banks and the Agent reasonably believes that the following additional conditions precedent have been satisfied in all material respects (all in form and substance satisfactory to the Agent):

(a) The Agent shall have received the executed Notes, to the extent requested by a Bank, an executed copy of the Pipeline Holdco Guaranty, the Western Midstream Guaranty, the Pledge, the Western Midstream Security Agreement and the letter referred to in clause (v) of the definition herein of EBITDA.

(b) The Agent shall have received certified copies of (1) the resolutions of the Board of Directors, or the Finance Committee thereof, (i) of each Borrower authorizing the execution of this Agreement, the Notes and each Notice of Letter of Credit and Notice of Revolving Credit Borrowing, and any other Credit Documents to which such Borrower is a party, and (ii) of each other Credit Party authorizing the execution of each Credit Document to which such Credit Party is a party, and (2) 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 and the transactions thereunder and hereunder.

(c) The Agent shall have received a certificate of the Secretary or an Assistant Secretary of each Credit Party certifying the names and true signatures of the officers of such Credit Party authorized to sign each Credit Document to which it is a party and the other documents to be delivered by it hereunder and thereunder.

(d) The Agent shall have received a copy of a certificate of the Secretary of State of the jurisdiction of formation of, or of an Authorized Officer of, each Credit Party, dated reasonably near the Effective Date, certifying (i) as to a true and correct copy of the charter or other organizational documents of such Credit Party, and each amendment thereto on file in such Secretary's office and (ii) that (x) such amendments are the only amendments to such Credit Party's charter or other organizational documents on file in such Secretary's office, (y) such Credit Party has paid all franchise taxes to the date of such certificate and (z) such Credit Party is duly incorporated or formed and in good standing or presently subsisting under the laws of the State of the jurisdiction of its incorporation or formation.

(e) The Agent shall have received a copy of a certificate of the Secretary of State of each State where any Western Midstream Assets are located, dated reasonably near the Effective Date, certifying that the Western Midstream Subsidiary that owns such Western Midstream Assets is duly qualified and in good standing as a foreign entity in such State and has filed all annual reports required to be filed to the date of such certificate.

(f) The Agent shall have received opinions of each of (i) James J. Bender, Esq., General Counsel of TWC, substantially in the form of Exhibit A and (ii) Gibson, Dunn & Crutcher, counsel to the Borrowers, substantially in the form of Exhibit B, and, in each case, as to such other matters as any Bank through the Agent may reasonably request.

(g) The Agent shall have received a certificate of each Credit Party, signed on behalf of such Credit Party by an Authorized Officer thereof, dated as of the Effective Date (the statements made in which certificate shall be true on and as of the Effective Date), certifying as to (i) the absence of any amendments to the charter or other organizational documents of such Credit Party since the date of the Secretary of State's certificate referred to in clause (e) above, (ii) a true and correct copy of the bylaws of such Credit Party as in effect on the date on which the resolutions referred to in clause (c) were adopted and on the Effective Date, (iii) the due incorporation or formation and good standing and valid existence of such Credit Party as an entity organized under the laws of the jurisdiction of its incorporation or organization, (iv) the truth, in all material respects, of the representations and warranties contained in this Agreement and the Credit Documents delivered on or before the Effective Date as though made on and as of the Effective Date other than any such representations or warranties that, by their terms, refer to a specific date other than the Effective Date, in which case as of such specific date and (v) the absence of any event occurring and continuing, or resulting from, the consummation of the transactions hereunder or pursuant to the Credit Documents delivered on or before the Effective Date, that constitutes a Default or an Event of Default.

(h) TWC shall have paid in full all accrued fees of the Agent, the Syndication Agent, the Joint Lead Arrangers and the Banks to the extent required to be paid hereunder and presented for payment.

(i) The Agent shall have received evidence that the Existing Credit Documentation shall have been terminated including release of all Liens thereunder. Each Bank or Issuing Bank that is a party to the Existing Agreement waives each notice of termination of the "Unused Revolving Credit Commitments" (as therein defined) and the "Letter of Credit Commitments" (as therein defined).

(j) The Agent shall have received

(i) executed originals of the WFSC Mortgage, the WGPC Mortgage and the WGPWC Mortgage covering the real property interests previously encumbered by the instruments described on Schedule XIV, except to the extent noted on Schedule XIV ("Initial Mortgages") and copies of proper financing statements, all such documents in form for filing in each jurisdiction that the Agent may deem necessary or desirable in order to create Acceptable Security Interests in the Collateral created under the Security Agreements and Initial Mortgages,

(ii) delivery of all Equity Interests of the Western Midstream Subsidiaries in certificated form (and for each such certificated Equity Interest, a duly executed but blank stock power in the form of Schedule III to the Pledge),

(iii) completed requests for information, dated on or before the Effective Date listing all effective financing statements filed in the jurisdictions referred to in clause (i) above that name any Western Midstream Subsidiary or WFSGI as debtor, together with copies of such financing statements,

(iv) evidence that all other action that the Agent may deem necessary or desirable in order to perfect and protect the first priority Liens created under the Security Documents has been taken (including receipt of duly executed UCC-3 termination statements),

(v) a certificate of an Authorized Officer of TWC certifying that the insurance maintained by TWC and its Subsidiaries meets the requirements set forth in Section 5.1(c) (including evidence that the Collateral Agent is named as an additional insured thereunder in respect of the Collateral),

(vi) favorable opinions of special counsel for Colorado, New Mexico and Wyoming, and

(vii) copies of all material governmental and third party consents and approvals necessary in connection with the transactions contemplated by the Credit Documents.

(viii) for each Western Midstream Subsidiary, a Perfection Certificate in the form of Exhibit M.

SECTION 3.2. Conditions Precedent to a Revolving Credit Advance and an Issuance of a Letter of Credit. The obligation of each Bank to make a Revolving Credit Advance to, and each Issuing Bank to issue or increase the amount of a Letter of Credit at the request of, any Borrower shall be subject to the conditions precedent that (i) the Agent shall have received a Notice of Revolving Credit Borrowing in the form of Exhibit D-2 hereto for the Revolving Credit Borrowing of which such Revolving Credit Advance is a part or a Notice of Letter of Credit in the form of Exhibit D-1 hereto, as the case may be, (ii) Article II shall have become effective, and (iii) on the date of such Revolving Credit Borrowing or issuance of such Letter of Credit, the following statements shall be true (and each of the giving of the applicable Notice of Borrowing or Notice of Letter of Credit and the acceptance by such Borrower of the proceeds of such Revolving Credit Borrowing or issuance of such Letter of Credit shall constitute a representation and warranty by such Borrower that on the date of such Revolving Credit Borrowing or such Letter of Credit is issued such statements are true):

(a) each of the representations and warranties contained in Section 4.1 and each of the representations and warranties contained in any other Credit Document (other than, if the Collateral Release Date has occurred, the Security Documents and the Guaranties) are correct in all material respects on and as of the date of such Revolving Credit Borrowing or issuance of such Letter of Credit, before and after giving effect to such Revolving Credit Borrowing or 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); and

(b) no event has occurred and is continuing, or would result from such Revolving Credit Borrowing or issuance of such Letter of Credit, which constitutes a Default or Event of Default;

provided that, notwithstanding anything in this Section 3.2 to the contrary, with respect to any Letter of Credit issued at the request of a Borrower which shall automatically renew by their own terms unless a notice of non-renewal is given by the applicable Issuing Bank, such Issuing Bank may give such notice of non-renewal (after notice to such Borrower and in no event earlier than the date 10 days prior to the latest date on which it is entitled to do so) if applicable conditions precedent pursuant to this Section 3.2 are not satisfied at the date of issuance of the notice of non-renewal.

SECTION 3.3. Effective Date. The Agent shall notify the Borrowers and the Banks when it reasonably believes that all the conditions precedent specified in Section 3.1 have been satisfied in all material respects or waived and such notice shall be conclusive and binding on all parties to the Credit Documents. For avoidance of doubt, it is agreed that the matters set forth in Section 3.1 are conditions precedent to the effectiveness of Article II and not conditions precedent to Revolving Credit Advances or the issuance or increase of Letters of Credit (which are governed by Section 3.2).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.1. Representations and Warranties of the Borrowers. Each Borrower represents and warrants, on the date hereof, on the date of each Revolving Credit Borrowing or issuance or increase in the amount of any Letter of Credit and (in the case of Section 4.1(r) only) on each Revolving Credit Facility Increase Effective Date and each Letter of Credit Facility Increase Effective Date, 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 where failure to be in good standing or to have those licenses, authorizations, certificates, consents and approvals could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower. Each Material Subsidiary of each Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized or formed, existing and in good standing could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower. Each Material Subsidiary of a Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower.

(b) The execution, delivery and performance by each of the Borrowers and the other Credit Parties of the Credit Documents to which it is shown as being a party and the consummation of the transactions contemplated thereby are within such Borrower's or such other Credit Party'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) any Borrower's or such other Credit Party'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 any Borrower or other Credit Party and will not result in or require the creation or imposition of any Lien prohibited by this Agreement.

(c) No material authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by any Credit Party of any Credit Document to which it is a party, or the consummation of the transactions contemplated thereby.

(d) Each Credit Document has been duly executed and delivered by each appropriate Credit Party, and is the legal, valid and binding obligation of each such Credit Party, enforceable against each such Credit Party, 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, and except that the representations in this sentence in respect of the Security Documents and the Guaranties are not made after the Collateral Release Date. Each Western Midstream Subsidiary existing on the Effective Date has duly executed and delivered a Guaranty, a Security Agreement and a Real Property Mortgage. As to each Western Midstream Subsidiary created or acquired after the Effective Date, the Borrowers have complied with Section 5.1(g).

(e) (i) The Consolidated balance sheet of TWC and its Subsidiaries as at December 31, 2003, and the related Consolidated 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, fairly present in all material respects the Consolidated financial condition of TWC and its Subsidiaries as at such date and the Consolidated results of operations of TWC and its Subsidiaries for the year ended on such date, all in accordance with GAAP. As of the Effective Date only, from December 31, 2003 to the date of this Agreement, there has been no material adverse change in the business, condition (financial or otherwise), operations, properties or prospects of TWC and its Subsidiaries (other than Non-Recourse Subsidiaries and International Subsidiaries), taken as a whole.

(ii) The Consolidated balance sheet of NWP and its Subsidiaries as at December 31, 2003, and the related Consolidated statements of income and cash flows of NWP and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, fairly present in all material respects, the Consolidated financial condition of NWP and its Subsidiaries as at such date and the Consolidated results of operations of NWP and its Subsidiaries for the year ended on such date, all in accordance with GAAP. As of the Effective Date only, from December 31, 2003 to the date of this Agreement, there has been no material adverse change in the business, condition (financial or otherwise), operations, properties or prospects of NWP and its Subsidiaries (other than Non-Recourse Subsidiaries and International Subsidiaries), taken as a whole.

(iii) The Consolidated balance sheet of TGPL and its Subsidiaries as at December 31, 2003, and the related Consolidated statements 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, fairly present in all material respects, the Consolidated financial condition of TGPL and its Subsidiaries as at such date and the Consolidated results of operations of TGPL and its Subsidiaries for the year ended on such date, all in accordance with GAAP. As of the Effective Date only, from December 31, 2003 to the date of this Agreement, there has been no material adverse change in the

business, condition (financial or otherwise), operations, properties or prospects of TGPL and its Subsidiaries (other than Non-Recourse Subsidiaries and International Subsidiaries), taken as a whole.

(f) There is, as to each Borrower, no pending or, to the knowledge of such Borrower as of the Effective Date, threatened action or proceeding affecting such Borrower or any Material Subsidiary of such Borrower before any court, governmental agency or arbitrator, (i) which could reasonably be expected to have a Material Adverse Effect in respect of such Borrower, except as set forth in TWC's annual report on Form 10-K for the year ended December 31, 2003, filed with the Securities and Exchange Commission, or (ii) which purports to affect the legality, validity, binding effect or enforceability of any Credit Document.

(g) No proceeds of any Advance will be used for any purpose or in any manner contrary to the provisions of Section 5.2(j).

(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 Federal Reserve Board), and no proceeds of any Revolving Credit Advance will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any 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 in respect of any Borrower. No Credit Party nor any Subsidiary or ERISA Affiliate of any Credit Party has received any notification that any Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA that could reasonably be expected to have a Material Adverse Effect in respect of any Borrower, and no Credit Party 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 a Material Adverse Effect in respect of any Borrower.

(k) [Reserved]

(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 TWC's annual report on Form 10-K for the year ended December 31, 2003, filed with the Securities and Exchange Commission, or as disclosed in writing by any Borrower to the Banks and the Agent after the date hereof and approved in writing by the Majority Banks, each Borrower and its Material Subsidiaries are in compliance with all applicable Environmental Laws, except as could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower. Except as disclosed in writing by any Borrower to the Banks and the Agent after the date hereof and approved in writing by the Majority Banks, the aggregate contingent and non-contingent liabilities of each Borrower and its Material Subsidiaries (other than those reserved for in accordance with GAAP 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 to such Borrower's knowledge are reasonably expected to arise in connection with (i) the requirements of any Environmental Law 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 in respect of such Borrower. Each Borrower and its Material Subsidiaries 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, except where the failure to comply with the matters set forth in this sentence, in the aggregate, could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower.

(n) Unless the Collateral Release Date has occurred, the Western Midstream Subsidiaries have sufficient title to all Western Midstream Assets as is necessary for the conduct of the Western Midstream Business after the date hereof.

(o) Unless the Collateral Release Date has occurred, the Western Midstream Subsidiaries own, lease or hold all Western Midstream Assets necessary or appropriate for the operation and carrying on of the Western Midstream Business.

(p) No Default or Event of Default has occurred and is continuing.

(q) Unless the Collateral Release Date has occurred, except as would not have a material adverse effect on the conduct of the Western Midstream Business, to TWC's knowledge, the various gathering systems which comprise part of the Western Midstream Assets are covered by recorded fee deeds, rights of way, easements, leases, servitudes, permits, licenses, or other instruments in favor of the Western 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. Unless the Collateral Release Date has occurred, to TWC's knowledge, the pipelines comprising the various gathering systems which are part of the Western Midstream Assets are located within the confines of contiguous rights of way in all material respects and do not encroach upon any adjoining property in any material respects. Unless the Collateral Release Date has occurred, to TWC's knowledge, the rights of ingress and egress held by the Western Midstream Subsidiaries with respect to such gathering systems allow the applicable Western Midstream Subsidiaries to inspect, operate, repair, and maintain such gathering systems in a normal manner in all material respects.

(r) As of the Effective Date, each Revolving Credit Facility Increase Effective Date and each Letter of Credit Facility Increase Effective Date only, after giving effect to the Credit Documents delivered on the Effective Date, each Credit Party, individually and together with its Subsidiaries, is Solvent.

(s) Unless the Collateral Release Date has occurred and subject to Section 5.1(e)(ii) below,

(i) an Acceptable Security Interest in all Collateral will exist, to the extent that an Acceptable Security Interest can be created in such Collateral by the filing of a financing statement, the recording of a Real Property Mortgage or the taking of possession under the Uniform Commercial Code of the relevant jurisdiction, and only to the extent such actions are required herein or by the relevant Security Document.

(ii) the Credit Parties are the legal and beneficial owners of the Collateral free and clear of any lien other than Collateral Permitted Liens.

(t) As of the Effective Date only, neither the Information Memorandum nor any of the other reports, financial statements, certificates or other written information furnished by or on behalf of any Borrower to the Agent or any Bank on or prior to the Effective Date (as modified or supplemented by other information so furnished on or prior to the Effective Date), taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading, provided that, with respect to any projected financial information, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed by the Borrowers to be reasonable at the time (it being recognized, however, that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by any projections may materially differ from the projected results). None of the reports, financial statements, certificates or other written information furnished by or on behalf of any Borrower to the Agent, any Issuing Bank or any Bank after the Effective Date (as modified or supplemented by other information so furnished after the Effective Date), taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading.

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.1. Affirmative Covenants. So long as any Revolving Credit Advance shall remain unpaid, any Letter of Credit or Reimbursement Obligation shall remain outstanding, any Letter of Credit Liability shall exist or any Issuing Bank or any Bank shall have any Commitment hereunder, each Borrower will, unless the Majority Banks shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its Material Subsidiaries to comply, with all applicable laws, rules, regulations and orders, including ERISA and all Environmental Laws, 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 Material Subsidiaries or upon any of its property or any property of any of its Material Subsidiaries, and all lawful claims which, if unpaid, would become a Lien upon any property of it or any of its Material Subsidiaries (except where failure to comply could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower); provided that no Borrower nor any Material 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 GAAP, if required by GAAP, have been provided on the books of such Borrower or such Material Subsidiary, as the case may be.

(b) Reporting Requirements. Furnish to the Agent:

(i) as soon as possible and in any event within five Business Days after an Authorized Officer of such Borrower obtains knowledge of the occurrence of any Default or 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 Default or Event of Default 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 Quarter 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 Fiscal Quarter, all in reasonable detail and duly certified by an Authorized Financial Officer of such Borrower as fairly presenting in all material respects the Consolidated financial condition of such Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarter and the Consolidated results of operations of such Borrower and its Consolidated Subsidiaries for such period; provided that, if any financial statement referred to in this clause (ii) of this Section 5.1(b) is so certified and 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 Section 5.2(b) and, if such Borrower is TWC, Section 5.2(c), but the certificate contemplated by this clause (2) shall not be required for any Fiscal Quarter ending prior to the Effective Date;

(iii) as soon as available and in any event not later than 105 days after the end of each Fiscal Year of such Borrower ending after the Effective Date, (1) a copy of the annual audited report for such Fiscal Year for such Borrower and its Consolidated Subsidiaries, including the Consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the 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 GAAP and reported on by Ernst & Young, LLP or other independent certified public accountants of recognized national standing; provided that if any audited report 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, such Borrower shall not be obligated to furnish copies of such audited report; 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 calculations supporting such statement in respect of Section 5.2(b) and, if such Borrower is TWC, Section 5.2(c);

(iv) such other information (other than projections) 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 TWC sends to its security holders generally, and copies of all final reports and final registration statements which such Borrower or any 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 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 Subsidiary or ERISA Affiliate of such Borrower knows or has reason to know that any Termination Event with respect to any Plan has occurred or is reasonably expected to occur that could reasonably be expected to have a Material Adverse Effect in respect of such Borrower, a statement of an Authorized Financial 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) 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 the aggregate, could reasonably be expected to have a Material Adverse Effect in respect of such Borrower; and

(ix) promptly after any withdrawal or termination of any letter of credit, guaranty, insurance or other credit enhancement referred to in Section 1.5 or any change in the rating set forth therein or any change in, or issuance, withdrawal or termination of, the rating of any senior unsecured long-term debt of such Borrower by S&P or Moody's, notice thereof.

(c) Maintenance of Insurance. Maintain, and cause each of its Material Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Borrower or such Material Subsidiaries operate, and cause the Collateral Agent to be named as an additional insured on all such insurance carried in respect of the Collateral at all times until the Collateral Release Date; provided that such Borrower or any such Material Subsidiary may self-insure to the extent and in the manner normal for companies of like size, type and financial condition, provided further that any insurance required by this Section 5.1(c) may be maintained by TWC on behalf of the other Borrowers and their Material Subsidiaries. For avoidance of doubt, the Collateral Agent is not required to be named as loss payee on casualty insurance.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Material Subsidiaries to preserve and maintain, its existence as a corporation or other Business Entity, rights and franchises in the jurisdiction of its incorporation or formation, and qualify and remain qualified, and cause each Material Subsidiary to qualify and remain qualified, as a foreign entity 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 Material Subsidiary of such Borrower (other than a Credit Party), where the failure of such Material Subsidiary to so maintain its existence could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower, (ii) where the failure to preserve and maintain such rights and franchises (other than existence) or to so qualify and remain qualified could not reasonably be expected to have a Material Adverse Effect in respect of such

Borrower, and (iii) such Borrower and its Material Subsidiaries may consummate any merger or consolidation permitted pursuant to Section 5.2(d) and other dispositions permitted hereunder.

(e) Acceptable Security Interest. At all times prior to the Collateral Release Date:

(i) subject to Section 5.1(e)(ii) below, cause an Acceptable Security Interest to exist in all Collateral to the extent that an Acceptable Security Interest can be created therein by the filing of a financing statement, the recording of a Real Property Mortgage or the taking of possession under the Uniform Commercial Code of the relevant jurisdiction, and only to the extent such actions are required herein or by the relevant Security Document; and

(ii) promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, cause an Acceptable Security Interest to exist in all Collateral.

(f) Further Assurances. At any time and from time to time prior to the Collateral Release Date, at its expense, execute and deliver to, and cause each of the Western Midstream Subsidiaries and WFSGI to execute and deliver to, the Collateral Agent such further instruments and documents (other than legal opinions regarding the perfection of Collateral acquired after the Effective Date), and take such further action, as the Majority Banks may from time to time reasonably request, for the purposes of implementing or effectuating the provisions of this Agreement and the other Credit Documents and to establish and protect the rights, interests and remedies with respect to the Collateral (whether now owned, leased or hereafter acquired) created, or intended to be created pursuant hereto or thereto, and on the terms set forth herein or therein, in favor of the Collateral Agent, any of the Issuing Banks or any of the Banks, including the execution, delivery, recordation and filing of any necessary documentation and any deliveries of Collateral necessary to grant an Acceptable Security Interest in all Collateral, all as contemplated by and to the extent set forth in Section 3.1, Section 5.1(e), Section 5.1(g) or Section 5.1(l).

(g) Midstream Subsidiaries. Prior to the Collateral Release Date, in each case at such Borrower's expense:

(i) with respect to any Person that becomes a Western Midstream Subsidiary, promptly (and in any event within 60 days after such Person becomes a Western Midstream Subsidiary): (i) cause the parent of such Western Midstream Subsidiary to create an Acceptable Security Interest in all Equity Interests of such Western Midstream Subsidiary, including delivering to the Collateral Agent all certificates representing such Equity Interests, together with a duly executed but blank stock power in the form of Schedule III to the Pledge, or otherwise reasonably acceptable to the Collateral Agent, for each such certificate, and (ii) cause such Western Midstream Subsidiary to (A) provide to the Collateral Agent a guaranty in substantially the form of Exhibit E-2, a security agreement in substantially the form of Exhibit G and such comparable documentation which is in form and substance reasonably satisfactory to the Collateral Agent, and (B) take all actions necessary or advisable to cause an Acceptable Security Interest to exist in all Collateral owned or hereafter acquired by such Western Midstream Subsidiary, only to the extent such Acceptable Security Interest can be created by the filing of a financing statement, or recording of a Real Property Mortgage in the relevant jurisdiction.

(ii) So long as no Event of Default exists, promptly grant to the Collateral Agent, but in no event later than 90 days after the acquisition of any real property interests, Acceptable Security Interests in such owned real property interests, including any fixtures associated therewith, of any Western Midstream Subsidiary as is acquired after the Effective Date by such Western Midstream Subsidiary and that, together with any improvements thereon, which,

individually, has a value of at least $20,000,000, or, in the aggregate and are acquired during any 12 month period, have a value of at least $40,000,000. Upon the occurrence and during the continuance of an Event of Default, promptly, upon the request of the Collateral Agent, grant an Acceptable Security Interest in all real property interests owned by each Western Midstream Subsidiary. Such Acceptable Security Interest shall be granted pursuant to a mortgage or deed of trust, as appropriate, in substantially the form of Exhibit H and reasonably satisfactory in form and substance to the Collateral Agent (each such mortgage or deed of trust being an "Additional Mortgage"). The Additional Mortgages or instruments related thereto shall be duly recorded or filed in such manner and in such places as are required by law to establish, perfect, preserve and protect an Acceptable Security Interest and all taxes, fees and other charges payable in connection therewith shall be paid in full.

(iii) To the extent the Initial Mortgages do not create an Acceptable Security Interest in all real property interests (other than leases) owned by the Western Midstream Subsidiaries on the Effective Date that are necessary and material to the operations of the Western Midstream Business, the Western Midstream Subsidiaries shall, promptly upon the request of the Collateral Agent, but in any event within 90 days, grant an Acceptable Security Interest in such real property, including by executing a mortgage or deed of trust, as appropriate, in substantially the form of Exhibit H and reasonably satisfactory in form and substance to the Collateral Agent.

(h) Inspection Rights. Permit, and cause WFSGI and each Guarantor to permit, any representatives designated by the Agent, the Collateral Agent or the Majority Banks, upon reasonable prior notice, at the Banks' expense so long as no Event of Default exists and at TWC's expense during the continuance of an Event of Default, to visit and inspect its properties with an Authorized Officer of a Borrower present, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers, all at such reasonable times and as often as reasonably requested but no more frequently than semi-annually so long as no Event of Default exists; provided that, insofar as WFSGI is concerned, this Section 5.1(h) shall apply only prior to the Collateral Release Date and only as to matters relating to the Pledge, the Western Midstream Assets, the Western Midstream Business and the Western Midstream Subsidiaries.

(i) Payment of Obligations. Pay, and cause each of its Material Subsidiaries to pay, before the same shall become delinquent or in default, all obligations that, if not paid, could reasonably be expected to have a Material Adverse Effect in respect of such Borrower or, prior to the Collateral Release Date, that, if not paid, would result in the loss of, or adversely affect the Lien of the Collateral Agent in, or the perfection or priority of, Collateral having a fair market value (in the aggregate for all such Collateral) in excess of $100,000,000, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Borrower or such Material Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to have a Material Adverse Effect in respect of such Borrower and would not, prior to the Collateral Release Date, result in the loss of any Collateral having a fair market value (in the aggregate for all such Collateral) in excess of $100,000,000 or affect the Lien of the Collateral Agent in any Collateral or the perfection or priority thereof.

(j) Maintenance of Properties. Keep and maintain, and cause each of its Material Subsidiaries to keep and maintain, all property material to the conduct of the business of such Borrower and its Subsidiaries, taken as a whole, in good working order and condition, ordinary wear and tear excepted, in the reasonable business judgment of such Borrower.

(k) Books and Records. Keep, and cause each of its Material Subsidiaries to keep, books of record and account in accordance with GAAP.

(l) Grantors. Until the Collateral Release Date, cause each of its Subsidiaries that is either a Guarantor or WFSGI, at the expense of such Borrower, to do each of the following (capitalized terms used in this Section 5.1(l) that are defined in the Western Midstream Security Agreement or the Pledge and not defined herein are used herein as therein defined), except that only Sections 5.1(l)(xiii)(1) and 5.1(l)(xiii)(2) shall apply to Pipeline Holdco and only Sections 5.1(l)(i), 5.1(l)(x), 5.1(l)(xi), 5.1(l)(xii) and 5.1(l)(xiv) shall apply to WFSGI:

(i) Subject to 5.1(1)(ii) below, cause an Acceptable Security Interest to exist at all times in all Collateral in which such Guarantor has an interest to the extent that an Acceptable Security Interest can be created in such Collateral by the filing of a financing statement, the recording of a Real Property Mortgage or the taking of possession under the Uniform Commercial Code of the relevant jurisdiction, only to the extent such actions are required herein or by the relevant Security Document, at all times prior to the Collateral Release Date;

(ii) Promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, cause an Acceptable Security Interest to exist in all Collateral;

(iii) Promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, deliver to the Collateral Agent the originals of all Contracts, Contract Documents and documents evidencing Receivables of such Guarantor;

(iv) Promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, deliver and pledge to the Collateral Agent any and all Investment Property, Instruments, Documents, Contract Documents or other Collateral in which such Guarantor has an interest and all documents evidencing such Collateral (in each case to the extent a security interest therein may be perfected by possession), indorsed and/or accompanied by such instruments of assignment and transfer and consents as the Collateral Agent may request, all in such form and substance as the Collateral Agent may request in order to perfect the security interests granted by the Western Midstream Security Agreement in such Collateral;

(v) Promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, take any and all actions reasonably requested by the Collateral Agent to ensure that the Collateral Agent has "control" (within the meaning of Section 8-106 of the UCC) of Collateral in which such Guarantor which is a Western Midstream Subsidiary has an interest constituting Investment Property and deposit accounts (as defined in the UCC (but only Investment Property and deposit accounts of the Western Midstream Subsidiaries);

(vi) Unless notified to the contrary by the Collateral Agent, enforce collection of any amounts payable under the Contracts in a manner consistent with prudent business standards;

(vii) Keep and maintain satisfactory and complete records of such Guarantor's Receivables in a manner consistent with prudent business standards, including records of all

payments received and all credits granted thereon, and make the same available to the Collateral Agent for inspection at any time as the Collateral Agent may request;

(viii) Promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, deliver all tangible evidence of such Guarantor's Receivables (including all documents evidencing such Receivables) and books and records that the Collateral Agent may request to the Collateral Agent or to its representatives at such times as the Collateral Agent may reasonably request;

(ix) Promptly upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, legend in form and substance reasonably satisfactory to the Collateral Agent, the Receivables and Contracts and Contract Documents, as well as books, records and documents of such Guarantor evidencing or pertaining to the Receivables of such Guarantor, with an appropriate reference to the fact that such items of Collateral have been assigned to the Collateral Agent as security and that the Collateral Agent has a security interest therein;

(x) Cause each issuer of Equity Interests comprising Pledged Collateral not to issue any stock or other securities in addition to or in substitution for the Equity Interests comprising the Pledged Collateral issued by such issuer;

(xi) Without limiting the generality of the foregoing provisions, upon such Guarantor obtaining any additional Equity Interests of any issuer of the Pledged Collateral, Equity Interests in the entities described in Section 1(b) of the Pledge or any other Equity Interests or other securities constituting Pledged Collateral, promptly (and in any event within two Business Days) deliver to the Collateral Agent (i) such Equity Interests or other securities, (ii) a duly executed but blank stock power in the form of Schedule III to the Pledge, or otherwise acceptable to the Collateral Agent, for each certificate representing such additional Pledged Collateral, and (iii) a duly executed Pledge Agreement Supplement in substantially the form of Schedule IV to the Pledge (a "Pledge Agreement Supplement") or as may otherwise be required by the Collateral Agent identifying the additional shares which are pledged pursuant to this Agreement;

(xii) Cause WFSGI to own, directly or indirectly, at all times all Equity Interests of each Western Midstream Subsidiary and cause an Acceptable Security Interest to exist at all times in all such Equity Interests;

(xiii) Furnish to the Agent:

(1) 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 Pipeline Holdco, the unaudited Consolidated balance sheet of Pipeline Holdco and its Consolidated Subsidiaries as of the end of such Fiscal Quarter and the unaudited Consolidated statements of income and cash flows of Pipeline Holdco 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 Pipeline Holdco as having been prepared in accordance with GAAP;

(2) as soon as available and in any event not later than 120 days after the end of each Fiscal Year of Pipeline Holdco ending after the Effective Date, the audited

Consolidated balance sheet of Pipeline Holdco and its Consolidated Subsidiaries as of the end of such Fiscal Year and the Consolidated statements of income and cash flows of Pipeline Holdco and its Consolidated Subsidiaries for such Fiscal Year, in each case prepared in accordance with GAAP; and

(3) not later than 60 days (or, in the case of any calendar quarter ending on December 31, 105 days) following the end of each calendar quarter, an operational report for such quarter prepared by the Company and a statement of the outstanding amount of Debt of the Western Midstream Subsidiaries as of the end of such quarter, it being understood that such report and statement will not be required to be prepared in accordance with GAAP; and

(xiv) Cause all assets directly related to the Western Midstream Business that are owned by TWC or any of its Subsidiaries to be owned at all times by one or more Western Midstream Subsidiaries, other than Excluded Assets and any assets sold or disposed of pursuant to any disposition permitted hereunder.

SECTION 5.2. Negative Covenants. So long as any Revolving Credit Advance shall remain unpaid, any Letter of Credit or Reimbursement Obligation shall remain outstanding, any Letter of Credit Liability shall exist or any Issuing Bank or any Bank shall have any Commitment hereunder, no Borrower will, without the written consent of the Majority Banks (it being understood that each of the permitted exceptions to each of the covenants in this Section 5.2 is in addition to, and not overlapping with, any other of such permitted exceptions to such covenant, except to the extent expressly provided therein):

(a) Liens, Etc. (i) Permit any of the Western Midstream 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, in each case to secure or provide for the payment of either (A) any Debt of itself or any other Person or (B) prior to the Collateral Release Date, any trade payable or other obligation or liability of itself or any other Person; provided, that, notwithstanding the foregoing, Western Midstream Subsidiaries may create, incur, assume or suffer to exist Collateral Permitted Liens and, on and after the Collateral Release Date, General Permitted Liens; or (ii) create, assume, incur or suffer to exist, or permit any of its Material Subsidiaries (other than Western Midstream 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, in each case to secure or provide for the payment of any Debt of itself or any other Person (other than obligations or liabilities that are (1) incurred, and are owed to trading counterparties, in the ordinary course of the trading business of the Borrowers or any of their Subsidiaries (other than Non-Recourse Subsidiaries and International Subsidiaries), and (2) secured only by cash, short term investments or a Letter of Credit); provided, that, notwithstanding the foregoing, the Borrowers or any of their Material Subsidiaries (other than Western Midstream Subsidiaries) may create, incur, assume or suffer to exist General Permitted Liens.

(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 on the last day of any Fiscal Quarter of TWC ending after the Effective Date (x) on or before December 31, 2004, 0.75 to 1.00, (y) after December 31, 2004 and on or before December 31, 2005, 0.70 to 1.00 and (z) after December 31, 2005, 0.65 to 1.00;

(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 Consolidated Subsidiaries, to (B) the sum of the Consolidated Net Worth of such Borrower plus the aggregate amount of Consolidated Debt of such Borrower and its Consolidated Subsidiaries to exceed, on the last day of any Fiscal Quarter of such Borrower ending after the Effective Date, 0.55 to 1.00;

(iii) In the case of TWC, create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Debt at any time, if after giving effect to such Debt, 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 as of the end of the Fiscal Quarter of TWC most recently ended prior to such time for which the appropriate financial information is available (adjusted, at TWC's option, to give effect, in accordance with GAAP, to all material asset acquisitions and dispositions by TWC and its Consolidated Subsidiaries since the end of such Fiscal Quarter) plus the aggregate amount of Consolidated Debt of TWC and its Consolidated Subsidiaries would exceed at such time (x) if such time is on or before December 31, 2004, 0.75 to 1.00, (y) if such time is after December 31, 2004 and on or before December 31, 2005, 0.70 to 1.00 and (z) if such time is after December 31, 2005, 0.65 to 1.00; and

(iv) In the case of any Borrower (other than TWC), create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Debt at any time, if after giving effect to such Debt, the ratio of (A) the aggregate amount of Consolidated Debt of such Borrower and its Consolidated Subsidiaries to (B) the sum of the Consolidated Net Worth of such Borrower as of the end of the Fiscal Quarter of such Borrower most recently ended prior to such time for which the appropriate financial information is available (adjusted, at such Borrower's option, to give effect, in accordance with GAAP, to all material asset acquisitions and dispositions by such Borrower and its Consolidated Subsidiaries since the end of such Fiscal Quarter) plus the aggregate amount of Consolidated Debt of such Borrower and its Consolidated Subsidiaries would exceed at such time 0.55 to 1.00.

(c) EBITDA to Interest Expense Ratio. Permit, for any Measurement Period, the ratio of (i) EBITDA to (ii) Interest Expense to be less than (A) 1.50 to 1.00, for any Measurement Period ending on or before March 31, 2005, (B) 2.00 to 1.00 for any Measurement Period ending after March 31, 2005 and on or before December 31, 2005 or (C) 2.50 to 1.00 for any Measurement Period ending after December 31, 2005. For avoidance of doubt, it is agreed that such ratio will be computed for an entire Measurement Period and not for each day in such Measurement Period.

(d) Merger and Sale of Assets. Merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, or permit any Guarantor to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of such Guarantor's assets (or permit any Guarantor to do so), except that this Section 5.2(d) shall not prohibit (i) any sale or transfer permitted by Section 5.2(f) or 5.2(k) or any sale or transfer of any Non-Recourse Subsidiary or International Subsidiary or the assets of any Non-Recourse Subsidiary or of any International Subsidiary, (ii) any sale, lease or transfer between Western Midstream Subsidiaries or merger or consolidation involving only Western Midstream Subsidiaries or (iii) any merger or consolidation by any Borrower or any Guarantor with any Person that is neither a Borrower nor a Guarantor, if such Borrower or Guarantor, as the case may be, is the surviving entity, so long as, in each case, if applicable, prior to the Collateral Release Date, all Liens on Collateral continue as Acceptable Security Interests following any such transaction.

(e) Agreements to Restrict Certain Transfers. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any consensual encumbrance or consensual restriction on its

ability or the ability of any of its Subsidiaries (i) to pay, directly or indirectly, dividends or make any other distributions in respect of its Equity Interests or pay any Debt or other obligation owed to a Borrower or to any Subsidiary of any Borrower; or (ii) to make loans or advances to a Borrower or any Subsidiary thereof, except (1) encumbrances and restrictions on any Subsidiary that is not a Material Subsidiary, (2) those encumbrances and restrictions existing on the date hereof, and other customary encumbrances and restrictions now or hereafter existing that are not more restrictive in any material respect, taken as a whole, than the encumbrances and restrictions existing on the date hereof (provided that the application of any such restrictions and encumbrances to additional Subsidiaries not subject thereto on the date hereof shall not be deemed to make such restrictions and encumbrances more restrictive), (3) encumbrances or restrictions on any Non-Recourse Subsidiary or International Subsidiary, including those arising in connection with Non-Recourse Debt or International Debt, (4) encumbrances and restrictions on any Midstream Asset MLP, (5) encumbrances and restrictions on RMT or any Subsidiary of RMT pursuant to the RMT Loan Agreement, (6) encumbrances or restrictions existing under or by reason of (A) applicable law (including rules, regulations and agreements with regulatory authorities), (B) any agreement or instrument in effect at the time a Person is acquired by a Borrower or any Subsidiary of a Borrower, so long as such agreement was not entered into in contemplation of such acquisition, (C) any agreement for the sale or other disposition of a Subsidiary of a Borrower that restricts distributions by that Subsidiary pending its sale or other disposition or (D) provisions with respect to distributions of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements; provided that such encumbrances or restrictions apply only to the assets or property subject to such joint venture, asset sale, stock sale or similar agreement or to the assets or property being sold, as the case may be, and (7) encumbrances or restrictions existing under or by reason of Collateral Permitted Liens or General Permitted Liens securing debt otherwise permitted to be incurred under this Section 5.2 that limit the right of the debtor to dispose of the assets subject to such Collateral Permitted Liens or General Permitted Liens.

(f) Maintenance of Ownership of Certain Subsidiaries. (i) 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 Interest of, or any direct or indirect interest in any Equity Interest of, Pipeline Holdco, NWP or TGPL, or (ii) sell or otherwise dispose of, or permit any of its Subsidiaries to sell or otherwise dispose of, all or substantially all of RMT or all or substantially all of the assets of RMT; provided that clause (ii) of this Section 5.2(f) shall not prohibit the sale or other disposition of the Equity Interests in RMT 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 a 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 or under any other Credit Document and such Borrower shall continue to exist.

(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, any Material Subsidiary of such Borrower 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 in respect of such Borrower, or (ii) permit to occur any Termination Event with respect to a Plan that would have a Material Adverse Effect in respect of such Borrower.

(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; provided that the following items will not be deemed to be subject to the provisions of this Section 5.2(h): (i) declaring or paying any dividend or distribution or purchasing, redeeming, retiring, defeasing or otherwise acquiring for value any Equity Interests, in each case not otherwise prohibited hereunder, (ii) any agreement, instrument or arrangement as in effect on the date hereof or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Banks in any material respect than the original agreement as in effect on the date hereof as determined in good faith by an Authorized Financial Officer of TWC, or (iii) (A) corporate sharing agreements among a Borrower and its Subsidiaries with respect to tax sharing and general overhead and other administrative matters and (B) any other intercompany arrangements disclosed or described in TWC's report on Form 10-K for the year ended December 31, 2003 (including the exhibits thereto), all as in effect on the date hereof, and any amendment or replacement of any of the foregoing so long as such amendment or replacement agreement is not less advantageous to any Borrower party thereto in any material respect than the agreement so amended or replaced, as such agreement was in effect on the date hereof.

(i) Grantors. In the case of TWC, permit, prior to the Collateral Release Date, WFSGI or any Guarantor other than Pipeline Holdco:

(i) Upon the request of the Collateral Agent, after the occurrence and during the continuance of any Event of Default, to cause the withdrawal, application or transfer of any financial assets or security entitlements with respect to the Pledged Collateral (as such term is defined in the Pledge) or give any instructions or entitlement orders with respect to them;

(ii) To move or establish its chief executive office in any place different from its current location or change its state of incorporation or organization without prior notice to the Collateral Agent; or

(iii) To establish a new location for its chief executive office or change its name until it has given to the Collateral Agent not less than 10 days' prior written notice of its intention to do so, clearly describing such new location or specifying such new name or other name as the case may be, and providing such other information in connection therewith as Collateral Agent may reasonably request.

(j) Use of Proceeds. Use any proceeds of any Revolving Credit Advance for any purpose other than general corporate purposes relating to the business of a Borrower and its Subsidiaries (including working capital and capital expenditures), or use any such proceeds in any manner which violates or results in a violation of law; provided that no proceeds of any Revolving Credit Advance will be used in any manner which contravenes law, and no proceeds of any Revolving Credit Advance will be used to purchase or carry any margin stock (within the meaning of Regulation U issued by the Federal Reserve Board).

(k) Asset Disposition. In the case of TWC, sell, lease, transfer or otherwise dispose of, or permit WFSGI or any of the Western Midstream Subsidiaries to sell, lease, transfer or otherwise dispose of, any Collateral prior to the Collateral Release Date, except:

(i) sales of inventory (including Hydrocarbons that are inventory) and extracted products in the ordinary course of business and on reasonable terms;

(ii) sales or other dispositions of worn out, uneconomic or obsolete assets in the ordinary course of business (for avoidance of doubt, excluding receivables and Equity Interests in Western Midstream Subsidiaries and Debt of TWC or any Subsidiary of TWC owing to any Western Midstream Subsidiary), if no Event of Default exists at the time of such sale or other disposition or would result therefrom; provided that "uneconomic" assets includes only those assets the sale of which (in the reasonable judgment of the Western Midstream Subsidiary making the sale or other disposition) could reasonably be expected, after giving effect to any contemporaneous replacement thereof, to leave the business and operations of such Western Midstream Subsidiary in at least as good a position as before such sale or other disposition;

(iii) sales or other dispositions of surplus equipment in the ordinary course of business, if no Event of Default exists at the time of such sale or other disposition or would result therefrom and if the aggregate fair market value of all such surplus equipment so sold or otherwise disposed does not exceed $25,000,000 during the term of this Agreement;

(iv) any trade of Collateral (other than receivables and Equity Interests in Western Midstream Subsidiaries and Debt of TWC or any Subsidiary of TWC owing to any Western Midstream Subsidiary) by Western Midstream Subsidiaries with other Subsidiaries of TWC (other than Non-Recourse Subsidiaries and International Subsidiaries) consistent with past practice, if (A) taken as a whole over time, the assets received by each party in such trade have a comparable fair market value to the assets traded by such party, and (B) no Event of Default exists at the time of such trade or would result therefrom;

(v) sales of other immaterial Property (other than Equity Interests in Western Midstream Subsidiaries and Debt of TWC or any Subsidiary of TWC owing to any Western Midstream Subsidiary) in the ordinary course of business and on reasonable terms, if no Event of Default exists at the time of such sale or would result therefrom; provided that property may not be sold pursuant to this clause (v) if the aggregate fair market value of all property sold pursuant to this clause (v) exceeds $5,000,000 in any year;

(vi) transfers of Collateral by any Western Midstream Subsidiary to another Western Midstream Subsidiary in the ordinary course of business, if no Event of Default exists at the time of such transfer or would result therefrom;

(vii) any Permitted Disposition if no Event of Default exists at the time of such Permitted Disposition or would result therefrom;

(viii) any sale or disposition of any interest in Collateral (other than Equity Interests in WGPC, WFSC or WGPWC, Equity Interests in any other Western Midstream Subsidiary unless such sale or disposition includes 100% of such Subsidiary, and Debt of TWC or any Subsidiary of TWC owing to any Western Midstream Subsidiary), if no Event of Default exists at the time of such sale or disposition or would result therefrom; provided that (A) the amount received by the Person so selling or disposing of such Collateral reasonably approximates the fair market value of such Collateral, (B) such sale or other disposition is on terms and conditions reasonably fair in all material respects to such Western Midstream Subsidiary in the good faith judgment of such Borrower, (C) the net proceeds of any such sale shall be reinvested in new or existing Collateral within twelve months from the date of such sale, and (D) the aggregate amount of net proceeds required to be so reinvested, but that have not yet been so reinvested, in respect of any Collateral sold or disposed of pursuant to this clause (viii) shall not exceed $50,000,000 at any time; and

(ix) sales or other dispositions in accordance with past practice of past due receivables or receivables owed by account debtors that are in bankruptcy;

provided that with respect to any Collateral traded or transferred (in the case of clauses (iv) and (vi) only), or any non-cash proceeds received from the sale, transfer or other disposition of Collateral, or any Collateral purchased with the net proceeds received from a sale or other disposition pursuant to clause (viii), in each case pursuant to this Section 5.2(k), such Borrower shall undertake all actions as more fully set forth in, and subject to, Sections 5.1(f) and 5.1(g) to (1) grant an Acceptable Security Interest on any new Collateral resulting from any such trade or transfer or on such non-cash proceeds and (2) in the case of Collateral transferred pursuant to clause (vi), to maintain an Acceptable Security Interest on such transferred Collateral.

To the extent any Collateral is sold or otherwise disposed as permitted by this Section 5.2(k), such Collateral (unless sold or disposed to TWC or any of its Subsidiaries pursuant to any provision of this Section 5.2(k) other than clause (iv)) shall be sold or disposed free and clear of the Liens created by the Security Documents (which Liens shall be deemed to be automatically released upon such permitted sale or permitted disposition), and the Collateral Agent shall be authorized to take any actions deemed appropriate by it in order to effect the foregoing. Without limiting the foregoing, promptly upon the request of the Borrowers, at TWC's expense, the Collateral Agent will take such action and execute and deliver such instruments and documents necessary to release the liens and security interests created by the Security Documents on the Collateral sold or otherwise disposed of in accordance with this Section 5.2(k), in form and substance reasonably satisfactory to the Collateral Agent.

For avoidance of doubt it is expressly agreed that this Section 5.2(k) shall not prohibit the Western Midstream Subsidiaries from using cash and cash equivalents in the ordinary course of business.

(l) Restricted Payments. (i) Declare or pay any dividends (other than in common stock of such Borrower), 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 other distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such, or permit Pipeline Holdco to do any of the foregoing, or (ii) permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in any Borrower or Pipeline Holdco, unless no Event of Default shall have occurred and be continuing at the time of any action described in clauses (i) and (ii) above and no Event of Default would result therefrom; provided, that, notwithstanding the foregoing, at any time, whether or not an Event of Default exists, TGPL and NWP shall be permitted to pay dividends to Pipeline Holdco to permit Pipeline Holdco to (1) pay corporate overhead expenses incurred in the ordinary course of business not to exceed $2,000,000 in any fiscal year, (2) (and Pipeline Holdco shall be permitted to) pay dividends to TWC to pay the corporate overhead and administration expenses allocated (in a manner consistent with past practices) to Pipeline Holdco, TGPL, NWP and their Subsidiaries, and (3) pay any taxes which are due and payable by Pipeline Holdco, TGPL and NWP as part of a consolidated group.

(m) Subsidiary Debt. Permit prior to the Collateral Release Date, (i) any Western Midstream Subsidiary to create, incur, assume or suffer to exist any Debt or preferred Equity Interests except (A) the Obligations, (B) Debt in an aggregate amount (for all Western Midstream Subsidiaries) not to exceed $50,000,000 at any time outstanding, and (C) Debt owed to TWC or any of its Subsidiaries if such Debt is evidenced by a promissory note that is delivered to the Collateral Agent and in which an Acceptable Security Interest exists, or (ii) Pipeline Holdco to create, incur, assume or suffer to exist any Debt, except

(A) Debt in an aggregate amount not to exceed $150,000,000 at any time outstanding and (B) Debt owed to TWC or any of its Subsidiaries if all such Debt is evidenced by a promissory note that is delivered to the Collateral Agent and in which an Acceptable Security Interest exists.

(n) Non-Recourse Debt. Create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Non-Recourse Debt, unless, at the time of such creation, incurrence or assumption and immediately after giving effect thereto, both (i) the aggregate principal amount of all Non-Recourse Debt of all Subsidiaries of such Borrower does not exceed 10% of the total Consolidated assets of such Borrower and its Consolidated Subsidiaries; and (ii) the aggregate principal amount of all Non-Recourse Debt of all Subsidiaries of such Borrower that is secured by assets owned by such Borrower or its Subsidiaries or by either of the other Borrowers or their respective Subsidiaries (without duplication), on December 31, 2003 or by Equity Interests in any Person that owns any such asset or that is otherwise supported by such assets does not exceed 7.5% of the total Consolidated assets of such Borrower and its Consolidated Subsidiaries, as shown on the respective balance sheets of the Borrowers delivered pursuant to Section 4.1(e).

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) Any Borrower (i) shall fail to pay any Reimbursement Obligation owed by it when the same becomes due and payable, (ii) shall fail to pay any principal of any Revolving Credit Advance owed by it or any Note executed by it when the same becomes due and payable, (iii) shall fail to pay any interest owed by it on any Reimbursement Obligation, Revolving Credit Advance or Note within five days after the same becomes due and payable or (iv) shall fail to pay any fee or other amount presented in writing 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 Credit Party herein or in any other Credit Document or by any Credit Party (or any Authorized Officer of any Credit Party) in writing under or in connection with this Agreement or 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) Any Credit Party shall fail to perform or observe (i) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in Section 5.2), any Note or any other Credit Document on its part to be performed or observed and such failure shall continue for 30 days after the earlier of the date notice thereof shall have been given to TWC by the Agent or any Bank or the date an Authorized Officer of such Credit Party shall have knowledge of such failure or (ii) any term, covenant or agreement contained in Section 5.2; or

(d) Any Borrower or any Subsidiary of any Borrower (other than a Non-Recourse Subsidiary or an International Subsidiary) shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least $100,000,000 in the aggregate (excluding Debt incurred pursuant to any Revolving Credit Advance) of such Borrower or any Subsidiary of such Borrower (as the case may be) (other than a Non-Recourse Subsidiary or an International Subsidiary), 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 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 2.16), 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 or International Debt or any Non-Recourse Subsidiary or International Subsidiary; 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) (for the avoidance of doubt, Non-Recourse Subsidiaries and International Subsidiaries are not subject to this clause (e)); or

(f) One or more judgments or orders for the payment of money in excess of $100,000,000 in the aggregate (to the extent not paid or to the extent not covered by insurance or indemnities that TWC, in its reasonable good faith judgment, believes will be paid when due by the parties providing such indemnities or insurance) 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 (for the avoidance of doubt, Non-Recourse Subsidiaries and International Subsidiaries are not subject to this clause (f)); 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 herein of Termination Event shall have occurred and then exist, the liability related thereto) is equal to or greater than $125,000,000; or

(h) Any Credit Party or any Subsidiary or ERISA Affiliate of any Credit Party 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 $125,000,000 in the aggregate;

(i) Any Credit Party or any Subsidiary or ERISA Affiliate of any Credit Party 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 Credit Parties and their respective ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years which include the date hereof by an amount exceeding $125,000,000;

(j) Prior to the Collateral Release Date, any Security Document or any Guaranty for any reason is not a legal, valid, binding and enforceable obligation of any Credit Party thereto or any Credit Party shall so state in writing;

(k) Prior to the Collateral Release Date, 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 90 days or title to any material portion of the Collateral shall be successfully challenged; or

(l) A Change of Control Event shall occur;

then, and in any such event, the Agent while such event exists (i) shall at the request, or may with the consent, of the Majority Banks, by notice to the Borrowers, declare the Commitments of each Bank and of each Issuing Bank and the obligations of each Issuing Bank to issue any Letter of Credit and each Bank to make Revolving Credit Advances to be terminated, whereupon each Commitment and 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 as to which an Event of Default exists, declare the principal of the Reimbursement Obligations and Revolving Credit Advances owed by 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 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 Borrowers; provided, however, that in the event of any Event of Default described in Section 6.1(e), (A) the Commitments of each Bank and of each Issuing Bank and the obligations of each Issuing Bank to issue a Letter of Credit and each Bank to make Revolving Credit Advances shall automatically be terminated and (B) the principal of the Reimbursement Obligations and Revolving Credit Advances, 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 Borrowers. For purposes of this Section 6.1, any Reimbursement Obligation or Revolving Credit Advances 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 that exists as to any Borrower (if the Agent has declared all amounts owed by such Borrower hereunder to be due and payable), such 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 in respect of Letters of Credit issued at the request of such Borrower by paying to the Agent immediately available funds in the amount equal to the then aggregate Available Amounts of all outstanding Letters of Credit issued at the request of such Borrower, 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 in respect of Letters of Credit issued at the request of such Borrower (the "LC Cash Collateral Accounts" in respect of such Borrower). Each 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 in respect of such Borrower from time to time and all proceeds thereof, as security for the payment of the outstanding Letter of Credit Liabilities in

respect of Letters of Credit issued at the request of such Borrower. The Agent shall from time to time withdraw funds then held in the LC Cash Collateral Accounts in respect of any Borrower to satisfy the payment of any Reimbursement Obligations owing by such Borrower to any Issuing Bank as shall have become or shall become due and payable by such Borrower to such Issuing Bank under this Agreement in connection with the Letters of Credit issued at the request of such Borrower. 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 or for investing such funds. If at any time (a) no Event of Default exists and (b) the funds in the LC Cash Collateral Accounts in respect of any Borrower exceed the aggregate amount of all Letter of Credit Liabilities in respect of Letters of Credit issued at the request of such Borrower, the Agent shall, upon request of such Borrower, return such excess to such Borrower.

ARTICLE VII

THE AGENT; THE COLLATERAL AGENT; AND ISSUING BANKS

SECTION 7.1. Agent's and Collateral Agent's Authorization and Action. Each of the Banks and Issuing Banks hereby appoints and authorizes the Agent and the Collateral Agent to take such action respectively as agent and collateral agent on its behalf and to exercise such powers under this Agreement and the other Credit Documents as are delegated respectively to the Agent and to the Collateral Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by the Credit Documents (including enforcement of the terms of this Agreement or collection of the Reimbursement Obligations or Notes, fees and any other amounts due and payable pursuant to this Agreement), neither the Agent nor the Collateral Agent shall 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 and all holders of Notes; provided, however, that neither the Agent nor the Collateral Agent shall be required to take any action which exposes the Agent or the Collateral Agent to personal liability or which is contrary to the Credit Documents or applicable law. The Agent and the Collateral Agent agree to give to each Bank prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement or any other Credit Document. The Agent will promptly furnish to each Bank all items furnished to the Agent pursuant to Section 5.1(b).

SECTION 7.2. Agent's and Collateral Agent's Reliance, Etc. Neither the Agent nor the Collateral Agent nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by them or 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 and the Collateral Agent: (i) may consult with legal counsel (including counsel for any Borrower), independent public accountants and other experts selected by them and shall not be liable for any action taken or omitted to be taken in good faith by them in accordance with the advice of such counsel, accountants or experts; (ii) make no warranty or representation to any Bank or Issuing Bank and shall not be responsible to any Bank of Issuing 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 satisfaction, performance or observance of any of the terms, covenants or conditions of this Agreement or any other Credit Document on the part of any Credit Party or to inspect the property (including the books and records) of any Credit Party; (iv) 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; (v) shall incur no liability under or in respect of any Credit

Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by either of them in its reasonable judgment to be genuine and signed or sent by the proper party or parties; (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 and (vii) may treat a Bank as the obligee of any Revolving Credit Advance or, if applicable, the payee of any Note as the holder thereof, until the Agent receives and accepts a Transfer Agreement executed by a Borrower (if required pursuant to Section 8.5), the assignor Bank and the assigning Bank pursuant to Section 8.5. Without limiting the generality of the foregoing, insofar as the Agent is concerned, for purposes of determining compliance with Section 3.2 with respect to any Revolving Credit Advance, each Bank shall be deemed to have consented to, approved and accepted and to be satisfied with each matter required under Section 3.2, unless the officer of the Agent responsible for the transactions contemplated by the Credit Documents shall have received written notice from such Bank prior to such Revolving Credit Advance specifying its objection thereto and such Bank shall not have made available to the Agent any portion of such Revolving Credit Advance; provided that this sentence is solely for the benefit of the Agent (and not any Credit Party) and shall not amend, waive or otherwise modify Section 3.2, Section 6.1(b) or any other provision applicable to any Credit Party, whether in respect of such Revolving Credit Advance or any other Revolving Credit Advance or matter.

SECTION 7.3. 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 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; (ii) make no warranty or representation to any Bank or Issuing Bank and shall not be responsible to any Bank or Issuing 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 satisfaction, performance or observance of any of the terms, covenants or conditions of this Agreement or any other Credit Document on the part of any Credit Party or to inspect the property (including the books and records) of any Credit Party; (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 Credit Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by any of them in its reasonable judgment to be genuine and signed or sent by the proper party or parties. Without limiting the generality of the foregoing, insofar as each Issuing Bank is concerned, for purposes of determining compliance with Section 3.2 with respect to any issuance or increase of any Letter of Credit, each Bank shall be deemed to have consented to, approved and accepted and to be satisfied with each matter required under Section 3.2, unless the officer of such Issuing Bank responsible for the transactions contemplated by the Credit Documents shall have received written notice from such Bank prior to such issuance or increase specifying its objection thereto and such Bank shall not have accepted after such issuance or increase any Letter of Credit Fee associated with such increase or, in the case of an issuance of any Letter of Credit, associated with such Letter of Credit; provided that this sentence is solely for the benefit of the Issuing Banks (and not any Credit Party) and shall not amend, waive or otherwise modify Section 3.2, Section 6.1(b) or any other provision applicable to any Credit Party, whether in respect of such Letter of Credit or any other Letter of Credit or matter.

SECTION 7.4. Rights. With respect to its Commitments, the Revolving Credit Advances made by it and the Notes, if any, issued to it, or any Letter of Credit Interest held by it, CUSA shall have the same rights and powers under any such Note and the other Credit Documents 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 or any Letter of Credit Interest held by it, the Issuing Banks shall have the same rights and powers 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. CUSA, 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, any Borrower, any Person who may do business with or own, directly or indirectly, securities of any Borrower and any other Person, all as if CUSA 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 or the Issuing Banks.

SECTION 7.5. Indemnification. (a) The Banks agree to indemnify the Agent and the Collateral Agent (to the extent not reimbursed by the Borrowers), ratably according to the respective Letter of Credit Interests then held by each of them plus the respective principal amounts of the Revolving Credit Advances owed to each of them (or if no Letter of Credit Interests or Revolving Credit Advances are at the time outstanding, ratably according to their respective Revolving Credit Commitments for TWC (or, if such Commitments have terminated, their respective Revolving Credit Commitments for TWC immediately prior to such termination)), from and against any and all claims, damages, losses, liabilities and expenses (including reasonable fees and disbursements of external counsel) of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against either the Agent or the Collateral 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 or the Collateral Agent under this Agreement or any other Credit Document, including any of the foregoing incurred in connection with any action taken under Section 5.1(h) (EXPRESSLY INCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF THE AGENT OR THE COLLATERAL AGENT, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE AGENT AND THE COLLATERAL AGENT). IT IS THE INTENT OF THE PARTIES HERETO THAT EACH OF THE AGENT AND THE COLLATERAL AGENT SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 7.5, BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE. Without limitation of the foregoing, each Bank agrees to reimburse the Agent and the Collateral Agent promptly upon demand for their respective ratable shares of any out-of-pocket expenses (including external counsel fees) incurred respectively by the Agent or 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 or any other Credit Document to the extent that the Agent and the Collateral Agent are not reimbursed for such expenses by the Borrowers.

(b) The Banks agree to indemnify each Issuing Bank (to the extent not reimbursed by the Borrowers), ratably according to the respective Letter of Credit Interests then held by each of them plus the respective principal amounts of the Revolving Credit Advances owed to each of them (or if no Letter of Credit Interests or Revolving Credit Advances are at the time outstanding, ratably according to their respective Revolving Credit Commitments for TWC (or, if such Commitments have terminated, their respective Revolving Credit Commitments for TWC immediately prior to such termination)), from and against any and all claims, damages, losses, liabilities and expenses (including reasonable fees and disbursements of external counsel) of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against any Issuing Bank in any way relating to or arising out of this Agreement or any other Credit Document or any action taken or omitted by any Issuing Bank 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 ANY ISSUING BANK, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH ISSUING BANK). IT IS THE INTENT OF THE PARTIES HERETO THAT AN ISSUING BANK SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 7.5, BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE. Without limitation of the foregoing, each Bank agrees to reimburse each Issuing Bank promptly upon demand for its ratable share of any out-of-pocket expenses (including external counsel fees) incurred by such Issuing Bank in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through renegotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under this Agreement or any other Credit Document to the extent that such Issuing Bank is not reimbursed for such expenses by the Borrowers.

SECTION 7.6. Successor Agent and Collateral Agent. The Agent and Collateral Agent may resign at any time respectively as Agent and Collateral 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; provided, however that any removal of the Agent will not be effective until it has also been replaced as Collateral Agent. Upon any such resignation or removal, the Majority Banks shall have the right to appoint, with the consent of the Borrowers (which consent shall not be unreasonably withheld and shall not be required if an Event of Default under Section 6.1(a) or 6.1(e) exists), a successor Agent and Collateral Agent from among the Banks. If no successor Agent and 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 respective retiring Agent's or Collateral Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Agent or Collateral Agent, then the retiring Agent or Collateral Agent may, on behalf of the Banks, appoint respectively a successor Agent or 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 Agent or Collateral Agent under this Agreement by respectively a successor Agent or Collateral Agent, such successor Agent or Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent or Collateral Agent and shall function as the Agent or Collateral Agent under this Agreement, and the retiring Agent or Collateral Agent shall be discharged from its duties and obligations as Agent or Collateral Agent under this Agreement. After any retiring Agent's or Collateral Agent's resignation or removal hereunder respectively as Agent or Collateral 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 or Collateral Agent under this Agreement.

SECTION 7.7. Bank Credit Decision. Each of the Banks and Issuing Banks acknowledges that it has, independently and without reliance upon the Collateral Agent, the Agent, the Syndication Agent, the Joint Lead Arrangers, 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 Issuing Banks and the other beneficiaries of any Security Document (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 Agent, the Agent, the Syndication Agent, the Joint Lead Arrangers, 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. The Collateral Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Person with any credit or other

information, whether coming into its possession before the issuance of any Letter of Credit or making of any Revolving Credit Advance or at any time or times thereafter.

SECTION 7.8. 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 Issuing 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 Credit Document in accordance with the instructions of the Majority Banks. 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 7.9. Other Agents. The Syndication Agent, the Co-Documentation Agents and the Joint Lead Arrangers have no duties or obligations under any Credit Document. None of the Syndication Agent, the Co-Documentation Agents or the Joint Lead Arrangers shall have, by reason of this Agreement or the other Credit Documents, a fiduciary relationship in respect of any Bank or any Issuing 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 Syndication Agent, the Co-Documentation Agents or the Joint Lead Arrangers any obligation in respect of this Agreement or other Credit Documents.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. 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 the Borrowers, 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 directly affected thereby (it being understood that all Banks are directly affected by clauses (a), (f), (g), (h) and (i) below), do any of the following: (a) waive any of the conditions specified in Section 3.1, (b) increase or extend the scheduled termination date of any Commitment of any Bank or any Issuing Bank or subject any Bank or any Issuing Bank to any additional obligation, (c) reduce the Reimbursement Obligations, (d) reduce the principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (e) postpone any date fixed for any payment of the Reimbursement Obligations, Revolving Credit Advances or any fees or other amounts payable hereunder, (f) change the definition of Majority Banks or otherwise change the LC Participation Percentages, the percentage of the Commitments or of the aggregate unpaid principal amount of the Revolving Credit Advances, Letter of Credit Liabilities or the Reimbursement Obligations which shall be required for the Banks or any of them to take any action under this Agreement, (g) release all or substantially all of the Collateral, except as set forth in Section 2.2(k), 5.2(k), 6.2 or 8.15, or release Pipeline Holdco, WGPC, WFSC or WGPWC from their respective Guaranties, except as set forth in Section 8.15 and except for the release of WGPC, WFSC or WGPWC ("terminated entity") occurring in connection with the merger, consolidation or liquidation of such terminated entity with or into WGPC, WFSC or WGPWC ("continuing entity") so long as the Guaranty of such continuing entity continues, (h) amend, waive any provision of, or consent to any departure by any Borrower from Section 2.9, this Section 8.1 or Section

8.15, or (i) increase the aggregate amount of the Revolving Credit Commitments for TWC or the Letter of Credit Commitments above $1,500,000,000; 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 8.2. Notices, Etc. (a) Except as otherwise provided in Section 8.2(b), 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 8.5(a) or in a Revolving Credit Commitment Increase Agreement delivered pursuant to Section 2.19; if to a 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 or in a Letter of Credit Commitment Increase Agreement delivered pursuant to Section 2.19; if to CUSA, as Agent or Collateral Agent, to its address at 2 Penns Way, Suite 200, New Castle, Delaware 19720 (telecopier number: (302) 894-6120; email address: oploanswebadmin@citigroup.com), Attention: Williams Account Officer, with a copy to Citicorp North America, Inc., 333 Clay Street, Suite 3700, Houston, Texas 77002 (telecopier number: (713) 654-2849), Attention: The Williams Companies, Inc. Account Officer; or, as to any 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 Borrowers, each Issuing Bank, the Collateral Agent and the Agent; provided that materials required to be delivered pursuant to Section 5.1(b)(ii), (iii) and (iv) shall be delivered to the Agent as specified in Section 8.2(b) or as otherwise specified to any Borrower by the Agent; provided, further, that any communication that (A) relates to a request for a new, or a conversion of an existing, borrowing or other extension of credit (including any election of an interest rate or Interest Period relating thereto), (B) relates to the payment of any principal or other amount due under the Credit Agreement prior to the scheduled date therefor, (C) provides notice of any Default or Event of Default or (D) is required to be delivered to satisfy any condition precedent to the effectiveness of any provision of this Agreement and/or any borrowing, Letter of Credit, increase of any Letter of Credit or other extension of credit hereunder, shall be in writing (including telecopy communication) and mailed, telecopied or delivered pursuant to this Section 8.2(a). All such notices and communications shall, when mailed, telecopied or e-mailed, 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 8.5(a) or in a Revolving Credit Commitment Increase Agreement or Letter of Credit Commitment Increase Agreement delivered pursuant to Section 2.19 (or other telecopy number specified by such party in a written notice to the other parties hereto) or confirmed by e-mail, 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, any other Credit Document or 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.

(b) The Borrowers will have the option to provide to the Agent and the Collateral Agent all information, documents and other materials that they are obligated to furnish to the Agent or the Collateral Agent, as the case may be, pursuant to the Credit Documents, including all notices, requests,

financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a Conversion of an existing, borrowing, a new Letter of Credit, any increase of any Letter of Credit or other extension of credit (including any election of an interest rate or Interest Period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of any provision of this Agreement and/or any borrowing, Letter of Credit, increase of any Letter of Credit or other extension of credit hereunder (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium to oploanswebadmin@citigroup.com.

The Borrowers further agree that the Agent or the Collateral Agent may make the Communications available to the Banks and the Issuing Banks by posting the Communications on Intralinks or a substantially similar electronic transmission system (the "Platform"). The Borrowers acknowledge that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution.

THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE AGENT, THE COLLATERAL AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OF THE RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES OF THE AGENT, THE COLLATERAL AGENT OR THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, "AGENT PARTIES") HAVE ANY LIABILITY TO ANY BORROWER, ANY BANK, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE TRANSMISSION BY ANY BORROWER, ANY OF THE AGENT PARTIES OR ANY OTHER PERSON OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The Agent agrees that the receipt of the Communications by the Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Agent for purposes of the Credit Documents. Each of the Banks and the Issuing Banks agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Bank or Issuing Bank, as the case may be, for purposes of the Credit Documents. Each of the Banks and the Issuing Banks agrees (i) to notify the Agent in writing (including by electronic communication) from time to time of such Bank's or such Issuing Bank's, as the case may be, e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address.

Nothing herein shall prejudice the right of the Agent, the Collateral Agent, any Issuing Bank or any Bank to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

SECTION 8.3. No Waiver; Remedies. No failure on the part of any Bank, the Collateral 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 8.4. Costs and Expenses.

(a) (i) TWC agrees to pay, within 30 days of receipt by TWC of request therefor, all reasonable out-of-pocket costs and expenses of the Joint Lead Arrangers, the Syndication Agent, the Collateral Agent, the Agent and the Issuing Banks in connection with the syndication, preparation, execution, delivery, administration, modification and amendment of this Agreement, the Letters of Credit, the Notes, or any other Credit Document and the other documents to be delivered under this Agreement, including the reasonable fees and out-of-pocket expenses of Bracewell & Patterson, L.L.P., counsel for the Agent, with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement, the Notes and any other Credit Document, the reasonable costs and expenses of the Issuing Banks in connection with any Letter of Credit, the reasonable out-of-pocket costs and expenses of the Collateral Agent and all amounts paid by the Collateral Agent pursuant to any Security Document, and (ii) TWC agrees to pay on demand all costs and expenses, if any (including reasonable counsel fees and out-of-pocket expenses), of the Agent, the Collateral Agent, the Syndication Agent, the Issuing Banks and each Bank in connection with the enforcement (after the occurrence and during the continuance of an Event of Default and whether through negotiations (including formal workouts or restructurings), legal proceedings or otherwise) against any Credit Party of any Credit Document.

(b) Each Borrower agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Agent, the Collateral Agent, the Syndication Agent, the Issuing Banks, the Joint Lead Arrangers and each Bank and each of their respective affiliates, 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 claims and related damages, losses, liabilities and expenses made by one Bank (or its successors or assignees) against another Bank) arising out of, related to or in connection with (i) any Credit Document or any other document or instrument delivered in connection herewith, (ii) any violation by any Credit Party or any Subsidiary of any Credit Party of any Environmental Law or any other law, rule, regulation or order, (iii) any Revolving Credit Advance, any Letter of Credit or the use or proposed use of the proceeds of any Revolving Credit Advance or Letter of Credit, (iv) any of the Commitments, (v) any transaction in which any proceeds of any Letter of Credit or Revolving Credit Advance are applied or (vi) any investigation, litigation or proceeding, whether or not any of the Indemnified Parties is a party thereto, related to or in connection with any of the foregoing or any Credit Document (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 SOUGHT TO BE RECOVERED BY ANY INDEMNIFIED PARTY TO THE EXTENT SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF

SUCH INDEMNIFIED PARTY OR THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE AFFILIATES, ADVISORS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF SUCH INDEMNIFIED PARTY). IT IS THE INTENT OF THE PARTIES HERETO THAT EACH INDEMNIFIED PARTY SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 8.4(B), BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE.

(c) If any payment of principal of, or Conversion of, or purchase pursuant to Section 2.6(c) of, or assignment pursuant to a Transfer Agreement referred to in Section 2.19(c) of, any portion of any Eurodollar Rate Advance owed by any Borrower to any Bank is made other than on the last day of the Interest Period for such Eurodollar Rate Advance, as a result of a payment, prepayment or Conversion pursuant to this Agreement or acceleration of the maturity of the Notes pursuant to Section 6.1 or such purchase or assignment, such Borrower shall, upon demand by such 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 that it may reasonably incur as a result of such payment, purchase, assignment or Conversion, including 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 any Bank to fund or maintain such Eurodollar Rate Advance.

(d) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in Sections 2.2, 2.6 and 2.8 and this Section 8.4 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.5. Binding Effect; Transfers.

(a) This Agreement shall become effective (other than Article II, which shall become effective as set forth in Section 3.1) when it shall have been executed by the Borrowers, 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 Borrowers, the Agent, the Collateral Agent, the Issuing Banks and each Bank and their respective successors and assigns; provided that the Borrowers shall not have the right to assign any of their rights hereunder or any interest herein without the prior written consent of the Banks and the Issuing Banks. 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 Revolving Credit Advances owing to such Bank, any Note or Notes held by such Bank, its Letter of Credit Interest and any or all of its Revolving Credit Commitments); provided, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement and the Notes, (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 Revolving Credit Commitment for TWC 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 be in an aggregate amount of $5,000,000 (or such lesser amount as may be consented to by the Agent and the Borrowers) and in an integral multiple of $1,000,000 (unless otherwise consented to by the Agent and the Borrowers), (iii) each such assignment shall be to an Eligible Assignee, (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 a processing and recordation fee of $3,500 (which fee shall be paid by such Eligible Assignee or, in the case of Transfer Agreements referred to in Section 2.19(c), TWC) and (v) each such assignment of any Revolving Credit Commitment for any Borrower shall be made only if the same percentage of the Revolving Credit Commitments of such assigning Bank

for each of the other Borrowers and the same percentage of the LC Participation Percentage of the assigning Bank are simultaneously assigned by the assigning Bank to the same Eligible Assignee pursuant to the same Transfer Agreement. 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 and the Collateral Agent pursuant to Section 7.5) 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 and Revolving Credit Advances 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, except as to such rights and obligations).

(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 assignor 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 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 assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or any other Person or the performance or observance by any 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 assignor 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, Revolving Credit Commitment Increase Agreement and Letter of Credit Commitment Increase Agreement, delivered to and accepted by it and a register for the recordation of the names and addresses of each Bank and each Issuing Bank together with its respective Revolving Credit Commitment, Letter of Credit Commitment, LC Participation Percentage, Letter of Credit Interest and the principal amount of the Revolving Credit Advances owing to such Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent, the Issuing Banks and the Banks may treat each Person whose name is recorded in the Register as a Bank or Issuing

Bank, as the case may be, hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower, any Issuing Bank or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(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, the Issuing Banks and, if required, by TWC), 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 Borrowers. If requested by the assigning or assignee Bank, each Borrower after its receipt of such notice, shall, at its own expense, execute and deliver to the Agent in exchange for the surrendered Notes, new Notes to the order of such assignee Bank in an amount equal to the Revolving Credit Commitment assumed by it pursuant to such Transfer Agreement and, if the assigning Bank has retained a Revolving Credit Commitment hereunder, new Notes to the order of the assigning Bank in an amount equal to the Revolving Credit Commitment retained by it hereunder. Such new Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Notes, shall be dated the effective date of such Transfer Agreement and shall otherwise be in substantially the form of Exhibit I hereto.

(e) Each Bank or Issuing Bank may sell participations to one or more banks or other entities (other than the Borrowers or any of their Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, the Revolving Credit Advances owing to it, the Notes held by it and its Letter of Credit Interest); provided, that (i) such Bank's or Issuing Bank's, as the case may be, obligations under this Agreement shall remain unchanged, (ii) such Bank or Issuing Bank, as the case may be, shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, the Agent, the Collateral Agent, each other Issuing Bank and the other Banks shall continue to deal solely and directly with such Bank or Issuing Bank, as the case may be, in connection with such Bank's or Issuing Bank's, as the case may be, rights and obligations under this Agreement, (v) all amounts payable under this Agreement shall be calculated as if such Bank or Issuing Bank, as the case may be, had not sold such participation, and (vi) the terms of any such participation shall not restrict such Bank's or Issuing Bank's, as the case may be, ability to consent to any departure by any 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 Revolving Credit Advances 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 Revolving Credit Advances 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 or Issuing 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) or any of its Notes in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Board without notice to or consent of the Borrowers, the Issuing Banks or the Agent. Furthermore, any Bank or Issuing 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 or Revolving Credit Advances made by such Bank) under this Agreement, its Notes or any of its Letter of Credit Interest to any Federal Reserve Bank without notice to or consent of any Borrower, the Issuing Banks or the Agent.

(g) Notwithstanding anything to the contrary contained herein, any Bank or Issuing 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 payment to any Issuing Bank or Revolving Credit Advance 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 Borrowers, 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 or to fund any Revolving Credit 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 its obligations under Section 2.6). The issuance of a Letter of Credit or the making of a Revolving Credit Advance by an SPC hereunder shall utilize the Commitment of the Designating Bank to the same extent, and as if, such Revolving Credit Advance were made by or 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 8.5, an SPC may not assign its interest in any Letter of Credit Interests or Revolving Credit 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 Letter of Credit Interests or Revolving Credit Advance to the Designating Bank or to any financial institutions (consented to by the Borrowers, Issuing Banks 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 or Revolving Credit Advance. 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, the Notes 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 Borrowers, 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 Borrowers or the SPC. This Section 8.5(g) may not be amended without the written consent of any SPC, which shall have been identified to the Agent and the Borrowers.

SECTION 8.6. Governing Law. This Agreement, the Notes and the other Credit Documents shall be governed by, and construed in accordance with, the laws of the State of New York, except as may be provided in any Real Property Mortgage.

SECTION 8.7. 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, any Credit Document 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, the Notes and any other Credit Document or under any other agreement entered into in connection with or as security for this Agreement, the Notes 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 applicable Borrower or refunded by the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, to the applicable 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 applicable Borrower or refunded by the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, to the applicable Borrower.

SECTION 8.8. 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. Delivery of a counterpart of a signature page hereof by telecopier shall be as effective as delivery of an original executed counterpart hereof.

SECTION 8.9. Survival of Agreements, Representations and Warranties, Etc. All warranties, representations and covenants made by any Borrower or any Authorized 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 the Issuing Banks and shall survive the issuance of any Letters of Credit and the issuance and delivery of the Notes (if any) and the making of Revolving Credit Advances regardless of any investigation.

SECTION 8.10. 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, any Issuing Bank or any Bank) any information with respect to the Borrowers, which is furnished pursuant to this Agreement; provided that any Bank and any Issuing Bank may disclose any such information (1) as has become generally available to the public, (2) as may be required or appropriate in any report, statement or testimony submitted to or required by any regulatory body having or claiming to have jurisdiction over such Bank or Issuing 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, (3) as may be required or appropriate in response to any summons or subpoena in connection with any litigation, (4) in order to comply with any law, order, regulation or ruling applicable to such Bank or Issuing Bank, (5) to the prospective transferee or grantee in connection with any contemplated transfer of any of the Commitments, Letter of Credit Interests or Revolving Credit Advances or any interest therein by such Bank or Issuing Bank or the grant of an option to an SPC to fund any drawing under a Letter of Credit or Revolving Credit 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 8.10; and provided further that if the contemplated transfer is a grant of an option to fund a drawing under a Letter of Credit or Revolving Credit Advance to an SPC pursuant to Section 8.5(g), such SPC may disclose, if prior notice of the delivery thereof is given to the Borrowers, such information as may be required by law or regulation to be delivered, (6) in connection with the exercise of any remedy by such Bank or Issuing Bank following an Event of Default, (7) in connection with any litigation involving such Bank pertaining to this Agreement, any of the Notes or any of the other Credit Documents or any other document delivered in connection herewith, (8) to any Bank, any Issuing Bank, the Collateral Agent or the Agent, (9) to any affiliate of any Bank; provided that such affiliate has agreed with or for the benefit of the Borrowers to be bound by provisions substantially identical to those contained in this Section 8.10 or (10) to any prospective New Letter of Credit Issuing Bank or prospective New Revolving Bank pursuant to Section 2.19.

SECTION 8.11. WAIVER OF JURY TRIAL. THE BORROWERS, THE AGENT, THE COLLATERAL AGENT, THE ISSUING BANKS 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 OF THE NOTES, ANY LETTER OF CREDIT, ANY OTHER CREDIT DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.12. 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 8.13. FORUM SELECTION AND CONSENT TO JURISDICTION; DAMAGES. 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 BORROWERS 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 MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL 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 ACCORDANCE WITH SECTION 8.2. THE BORROWERS HEREBY EXPRESSLY AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY 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 ANY 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, SUCH BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW

SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE CREDIT DOCUMENTS. EACH OF THE BORROWERS, THE AGENT, THE COLLATERAL AGENT, THE ISSUING BANKS AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY ACTION OR PROCEEDING REFERRED TO IN THIS SECTION 8.13 ANY EXEMPLARY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES; PROVIDED THAT NOTHING HEREIN SHALL CONSTITUTE A WAIVER BY THE AGENT, THE COLLATERAL AGENT, ANY ISSUING BANK OR ANY BANK OF ANY RIGHT TO RECEIVE FULL PAYMENT OF ALL OBLIGATIONS. TWC HEREBY AGREES TO SERVE AS AGENT FOR SERVICE OF PROCESS ON BEHALF OF EACH OTHER CREDIT PARTY IN CONNECTION WITH THE CREDIT DOCUMENTS AND THE OBLIGATIONS.

SECTION 8.14. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) either (a) the Revolving Credit Advances owed by any Borrower having become due and payable in accordance with the terms hereof or (b) the making of the request or the granting of the consent specified by Section 6.1 to authorize the Agent to declare the Revolving Credit Advances owed by any Borrower due and payable pursuant to the provisions of Section 6.1, each Bank and each Issuing 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 or such Issuing Bank, as the case may be, to or for the credit or the account of such Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and the other Credit Documents, irrespective of whether or not such Bank or such Issuing Bank, as the case may be, shall have made any demand under this Agreement or any other Credit Document and although such obligations may be unmatured. Each Bank or Issuing Bank, as the case may be, agrees promptly to notify such Borrower after such set-off and application made by such Bank or such Issuing Bank, as the case may be, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank and each Issuing Bank under this Section are in addition to other rights and remedies (including other rights of set-off) which such Bank or such Issuing Bank, as the case may be, may have.

SECTION 8.15. Termination of Security Documents and Guaranties. If (i) the senior unsecured long-term debt of TWC is rated (a) BBB- or higher by S&P or Baa3 or higher by Moody's, (b) no lower than BB+ by S&P and (c) no lower than Ba1 by Moody's, (ii) no Default or Event of Default has occurred and is continuing, and (iii) the Agent has received (1) a notice from TWC requesting that the Security Documents and the Guaranties be terminated, (2) a certificate of TWC certifying, as of the date thereof, the ratings by both S&P and Moody's of such debt and that no Default or Event of Default has occurred and is continuing, (3) such other documentation confirming the foregoing that the Agent may reasonably request, then the Security Documents and the Guaranties shall terminate on the date (the "Collateral Release Date") that is 5 Business Days following the Agent's receipt of all such items. With reasonable promptness following such termination, the Collateral Agent will, at the expense of TWC, execute and deliver to the Credit Parties such documents as TWC may reasonably request to evidence such termination and will deliver to TWC any Collateral as may then be in the Collateral Agent's possession, and TWC will, if requested by the Collateral Agent, contemporaneously deliver to the Agent a written receipt therefor in a reasonable form provided by the Collateral Agent.

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/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

NORTHWEST PIPELINE CORPORATION

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Treasurer

AGENT AND COLLATERAL AGENT:

CITICORP USA, INC., as Agent and as Collateral Agent

By: /s/ Signature Illegible

Authorized Officer
Attorney-in-Fact

ISSUING BANKS:

CITIBANK, N.A., as Issuing Bank

By: /s/ Signature Illegible

Authorized Officer
Attorney-in-Fact

BANK OF AMERICA, N.A, as Issuing Bank

By: /s/ Claire Lui

Authorized Officer
Claire M. Liu
Managing Director

BANKS:

CITICORP USA, INC.

By: /s/ Signature Illegible

Authorized Officer
Attorney-in-Fact

BANK OF AMERICA, N.A.

By: /s/ Claire Lui

Authorized Officer
Claire M. Liu
Managing Director

JPMORGAN CHASE BANK

By: /s/ Signature Illegible

Authorized Officer

THE BANK OF NOVA SCOTIA

By: /s/ N Bell

Nadine Bell
Senior Manager

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ P J. Dundee

Authorized Officer

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Authorized Officer
Nicholas A. Bell
Director

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Signature Illegible

Authorized Signatory

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Authorized Officer
Jill Hall
Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Oliver Audermard

Authorized Officer
Oliver Audemard
Senior Vice President

MERRILL LYNCH CAPITAL CORPORATION

By: /s/ Carol J.E. Feeley

Authorized Officer
Carol J.E. Feeley
Vice President
Merrill Lynch Capital Corp.

WESTLB AG, NEW YORK BRANCH

By: /s/ Duncan Roberson

Duncan Robertson
Executive Director

By: /s/ Jeffrey S. Davidson

Jeffrey S. Davidson
Associate Director

BANK OF OKLAHOMA N.A.

By: /s/ Robert D. Mattax

Robert D. Mattax
Senior Vice President

BAYERISCHE LANDESBANK CAYMAN ISLANDS BRANCH

By: /s/ Wolfgang Kottmann /s/ James H. Boyle

Wolfgang Kottmann James H. Boyle
First Vice President Vice President

BNP PARIBAS

By: /s/ Larry Robinson

Larry Robinson

By: /s/ Mark Cox

Mark Cox

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

By: /s/ Signature Illegible

Authorized Office

Exhibit 10.5

[Execution Copy]

WESTERN MIDSTREAM SECURITY AGREEMENT

This WESTERN MIDSTREAM SECURITY AGREEMENT, dated as of May 3, 2004 (as it may be modified, supplemented or amended from time to time in accordance with its terms, the "Security Agreement"), among WILLIAMS GAS PROCESSING COMPANY, a Delaware corporation ("WGP"), WILLIAMS FIELD SERVICES COMPANY, a Delaware corporation ("WFS"), WILLIAMS GAS PROCESSING - WAMSUTTER COMPANY, a Delaware corporation ("WGPW", WGP. WFS and WGPW are collectively referred to herein as the "Grantors"), in favor of CITICORP USA, INC., as collateral agent (the "Collateral Agent") for the benefit of the Financial Institutions.

PRELIMINARY STATEMENTS

A. The Williams Companies, Inc., a Delaware corporation (the "Company"), Northwest Pipeline Corporation, a Delaware corporation ("NWP"), and Transcontinental Gas Pipe Line Corporation, a Delaware corporation ("TGPL", and together with TWC and NWP, the "Borrowers") have entered into a Credit Agreement dated as of May 3, 2004 (as amended or otherwise modified from time to time, the "Credit Agreement", the defined terms of which are used in this Security Agreement as defined therein unless otherwise defined herein), together with Citicorp USA, Inc., as administrative agent and collateral agent ("Collateral Agent"), Bank of America N. A., as syndication agent ("Syndication Agent"), Citibank, N.A. and Bank of America N.A., as issuing banks ("Issuing Banks") and the banks named therein (the "Banks"), and JPMorgan Chase Bank, The Bank of Nova Scotia and The Royal Bank of Scotland PLC as co-documentation agents (collectively, the "Co-Documentation Agents") and Citigroup Global Markets Inc. and Banc of America Securities LLC as joint lead arrangers and co-book runners (collectively, the "Co-Arrangers") providing for the extension of credit and the issuance of Letters of Credit. The Collateral Agent, Syndication Agent, Issuing Banks, Banks, Co-Documentation Agents, Co-Arrangers and each of the successors and permitted assigns of the foregoing are collectively referred to herein as the "Financial Institutions".

B. The Credit Agreement provides for collateral to be held by the Collateral Agent for the benefit of the Financial Institutions.

C. It is a condition to certain transactions under the Credit Documents, that each of the Grantors shall have executed and delivered this Security Agreement.

D. The Company is the principal financing entity for all capital requirements of its Subsidiaries, and from time to time the Company has made capital contributions and advances to its Subsidiaries, including all Grantors. Each of the Grantors is a wholly owned Subsidiary of the Company and will derive substantial direct or indirect benefit from the transactions contemplated by the Credit Agreement.

AGREEMENT

Therefore, in order to induce the Financial Institutions to enter into and/or continue certain financing transactions described in the Credit Documents, each of the Grantors hereby agrees with Collateral Agent for its benefit and the ratable benefit of the other Financial Institutions as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following terms shall have the meanings specified below, and capitalized terms used in this Security Agreement but not defined herein shall have the meanings set forth for such terms in the Credit Agreement.

"Account" or "Accounts" means "accounts" as that term is defined in the UCC.

"Applicable Law" or "Applicable Laws" means all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority having jurisdiction over the Grantors, the Collateral Agent, the Financial Institutions, the Collateral or the Credit Documents, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to the Grantors, the Collateral Agent, the Financial Institutions, the Collateral or the Credit Documents.

"Chattel Paper" means "chattel paper" as that term is defined in the UCC and any Electronic Chattel Paper and Tangible Chattel Paper owned by any one or more of the Grantors.

"Collateral" has the meaning set forth in Section 2.1 of this Security Agreement.

"Contract" or "Contracts" means all contracts to which any one or more of the Grantors now is, or hereafter will be, bound, or a party, beneficiary or assignee (other than rights evidenced by Chattel Paper, Documents or Instruments), all Insurance Contracts, and all exhibits, schedules and other attachments to such contracts, as the same may be amended, supplemented or otherwise modified or replaced from time to time.

"Contract Documents" means all Instruments, Chattel Paper, letters of credit, bonds, guarantees or similar documents evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, the Contract Rights.

"Contract Rights" has the meaning set forth in Section 5.1 of this Security Agreement.

"Document" or "Documents" means any "document" as that term is defined in the UCC, including, without limitation, a bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers.

"Electronic Chattel Paper" means "electronic chattel paper" as that term is defined in the UCC.

"Equipment" means any equipment now or hereafter owned or leased by any of the Grantors, or in which any Grantor holds or acquires any other right, title or interest, constituting "equipment" under the UCC, including without limitation all field lines and drilling equipment, purification equipment, liquefaction equipment, vaporizing equipment, and all other machinery, tools, office equipment, furniture, furnishings, fixtures, vehicles, motor vehicles, and any manuals, instructions, blueprints, computer software (including software that is imbedded in and part of the equipment) and similar items which relate to the above, and any and all additions, substitutions and replacements of any of the foregoing, wherever located together with all improvements thereon and all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"Event of Default" means an "Event of Default" as defined in the Credit Agreement.

"Fixture" or "Fixtures" means any fixture or fixtures now or hereafter owned or leased by any Grantor, or in which any Grantor holds or acquires any other right, title or interest, constituting "fixtures" under the UCC or that is considered a "fixture" under the law of the state in which such property is located. "Fixtures" as used in this Security Agreement includes, but shall not be limited to, Equipment constituting "fixtures" under the UCC or under the law of the state in which such property is located, all pipe that comprises part of any pipeline system owned by such Grantor, and any and all additions, substitutions and replacements of any of the foregoing, wherever located, including all improvements thereon and all attachments, components, parts, equipment and accessories installed thereon or affixed thereto together with all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, and accessions of any of the foregoing.

"General Intangible" or "General Intangibles" means all general intangibles now or hereafter owned by any of the Grantors, or in which any of the Grantors holds or acquires any other right, title or interest, constituting "general intangibles" or "payment intangibles" under the UCC, including, but not limited to, all trademarks, trademark applications, trademark registrations, trade names, fictitious business names, business names, company names, business identifiers, prints, labels, trade styles and service marks (whether or not registered), trade dress, including logos and/or designs, copyrights, patents, patent applications, goodwill of such entity's or its affiliate's business symbolized by any of the foregoing, trade secrets, license rights, license agreements, permits, franchises, and any rights to tax refunds to which any of the Grantors is now or hereafter may be entitled, 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.

"Instrument" mean an "instrument" as that term is defined in the UCC, including, without limitation, any Negotiable Instrument, or any other writing which evidences a right to the payment of money and is not itself a security agreement or lease and is of a type which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment (other than Instruments constituting Chattel Paper).

"Insurance Contracts" means all contracts and policies of insurance and re-insurance maintained or required to be maintained by or on behalf of any of the Grantors under the Credit Documents.

"Inventory" shall mean all of the inventory of any of the Grantors, or in which any of the Grantors holds or acquires any right, title or interest, of every type or description, now owned or hereafter acquired and wherever located, whether raw, in process or finished, and all materials usable in processing the same and all documents of title covering any inventory, including, without limitation, work in process, materials used or consumed in any of the Grantors' business, now owned or hereafter acquired or manufactured by any of the Grantors and held for sale in the ordinary course of its business, all present and future substitutions therefor, parts and accessories thereof and all additions thereto, all Proceeds thereof and products of such inventory in any form whatsoever, and any other item constituting "inventory" under the UCC.

"Inventory Records" shall mean all books, records and other property and General Intangibles at any time relating to Inventory.

"Investment Property" means "investment property" as that term is defined in the UCC, including, without limitation, all securities (whether certificated or uncertificated), security entitlements, securities accounts, commodity contracts, and commodity accounts, provided, however that "Investment Property" shall not include any general or limited partnership interests, limited liability company interests, trust interests, joint venture interests or any other similar equity ownership rights arising under the law of any jurisdiction unless such equity ownership interests or rights constitute Proceeds.

"Negotiable Instrument" means a "negotiable instrument" as that term is defined in the UCC.

"Collateral Permitted Liens" has the meaning given to such term in the Credit Agreement.

"Proceeds" means "proceeds" as that term is defined in the UCC, and includes, but is not limited to, all proceeds of any or all of the Collateral, including without limitation (a) any and all proceeds of, and all claims for, any insurance, indemnity, warranty or guaranty payable from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any person acting under color of governmental authority), (c) all proceeds received or receivable when any or all of the Collateral are sold, exchanged or otherwise disposed, whether voluntarily, involuntarily, in foreclosure or otherwise, and (d) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Receivables" means all Accounts and all of the Grantors' rights to payment for goods sold or leased, services performed, or otherwise, whether now in existence or arising from time to time hereafter, including, without limitation, rights arising under any of the Contracts or evidenced by an account, note, contract, security agreement, Chattel Paper, or other evidence of indebtedness or security, together with all of the right, title and interest of any of the Grantors in

and to (a) all security pledged, assigned, hypothecated or granted to or held by any of the Grantors to secure the foregoing, (b) all of any of the Grantors' right, title and interest in and to any goods or services, the sale of which gave rise thereto, (c) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, (d) all powers of attorney granted to any of the Grantors for the execution of any evidence of indebtedness or security or other writing in connection therewith, (e) all books, correspondence, credit files, records, ledger cards, invoices, and other papers relating thereto, including without limitation all similar information stored on a magnetic medium or other similar storage device and other papers and documents in the possession or under the control of any of the Grantors or any computer bureau from time to time acting for any of the Grantors, (f) all evidences of the filing of financing statements and other statements granted to any of the Grantors and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers, (g) all credit information, reports and memoranda relating thereto, and (h) all other writings related in any way to the foregoing.

"Secured Obligations" shall mean the Obligations (as such term is defined in the Credit Agreement).

"Tangible Chattel Paper" means "tangible chattel paper" as that term is defined in the UCC.

"Titled Vehicles" means vehicles in which a security interest can not be perfected by filing a financing statement under the UCC.

"UCC" shall mean the Uniform Commercial Code in effect in the State of New York, as amended from time to time.

ARTICLE II

SECURITY INTERESTS

Section 2.1 Pledge, Assignment and Grant of Security Interests. As collateral security for the prompt and complete payment and performance when due of all Secured Obligations, each Grantor, severally, hereby assigns and pledges to Collateral Agent for the benefit of the Financial Institutions and hereby grants to the Collateral Agent for the benefit of the Financial Institutions a lien on and continuing security interest in all of such Grantor's right, title and interest in, to and under (all items described in this Section 2.1, whether now owned or hereafter acquired by such Grantor and wherever located and whether now existing or hereafter arising, collectively, the "Collateral"):

(a) all Contracts, all Contract Rights, all Contract Documents and each and every document granting security to any of the Grantors under any such Contract, and any Instrument related to or arising because of any such Contract;

(b) all Receivables;

(c) all Investment Property;

(d) all General Intangibles;

(e) all Chattel Paper;

(f) all Documents;

(g) all Equipment;

(h) all Inventory;

(i) all Fixtures;

(j) all amounts from time to time held in any checking, savings, deposit or other account of any of the Grantors, all monies, proceeds or sums due or to become due therefrom or thereon and all documents (including, but not limited to passbooks, certificates and receipts) evidencing all funds and investments held in such accounts;

(k) all Governmental Requirements now or hereafter held by any of the Grantors (except that any Governmental Requirement which would by its terms or under Applicable Law become void, voidable, terminable or revocable by being subjected to the Lien of this Security Agreement or in which a Lien is not permitted to be granted under Applicable Law, is hereby excluded from such Lien to the extent necessary so as to avoid such voidness, voidability, terminability or revocability);

(l) all rights to receive a payment under any hedging agreement in connection with a termination thereof;

(m) without limiting the generality of the foregoing, all other personal property, goods, Instruments, credits, claims, and demands of such Grantor whether now existing or hereafter acquired from time to time;

(n) any and all additions, accessions and improvements to, all substitutions and replacements for and all products and Proceeds of or derived from all of the foregoing items described above in this Section 2.1; and

(o) any and all Proceeds of any of the foregoing.

Notwithstanding the general grant of a security interest set forth above in this Section 2.1, "Collateral" as used herein and the defined terms used above in the description of Collateral shall not include (i) the Excluded Assets, (ii) the LC Cash Collateral Accounts, or (iii) any property to the extent that a grant of a security interest therein is prohibited by any requirements of law of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such requirement of law or is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property, except to the extent that such requirement of law or the term in such contract, license, agreement,

instrument or other document providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law.

Section 2.2 After-Acquired Property. The security interest pledged, assigned and granted to Collateral Agent pursuant to this Security Agreement is intended to extend to all Collateral of the kind that is the subject of this Security Agreement which any of the Grantors may acquire at any time during the continuation of this Security Agreement, irrespective of whether such Collateral is in transit or in any of the Grantors' or Collateral Agent's or any other Person's constructive, actual, or exclusive occupancy or possession.

Section 2.3 Obligations Independent. The obligations of each Grantor under this Security Agreement are independent of the obligations of the Borrowers, any other Grantor, or any other Person, and a separate action or actions may be brought and prosecuted against any one or more of the Grantors to enforce this Security Agreement, irrespective of whether any action is brought against the Borrowers, any other Grantor, or any other Person or whether the Borrowers, the Grantors, or any other Person is joined in any such action or actions.

Section 2.4 Obligations Absolute. Each Grantor agrees, severally, that it will perform its obligations hereunder strictly in accordance with the terms of this Security Agreement regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting the Secured Obligations of the other Credit Parties or the rights of any of the Financial Institutions with respect thereto. The liability of each of the Grantors under this Security Agreement shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of any Credit Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other liabilities, or any other amendment or waiver of or any consent to departure from any Credit Document, including, without limitation, any increase in the Secured Obligations or any other liabilities resulting from the extension of additional credit or otherwise;

(c) any liquidation, dissolution or termination of existence of, or other change in, any Borrower or any other Person;

(d) any bankruptcy, insolvency, receivership or other proceeding involving any Borrower, any one or more of the Grantors, or any other Person or any defense that may arise in connection with or as a result of any such bankruptcy, insolvency, receivership or other proceeding or otherwise;

(e) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations or any other liabilities;

(f) any manner of application of Collateral, or proceeds thereof or of collections on account of any guaranty, to all or any of the Secured Obligations or any other liabilities, or any manner of sale or other disposition of any Collateral for all or

any of the Secured Obligations or any other liabilities or of any other Collateral of any Borrower, any one or more of the Grantors, or any other Person; or

(g) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Borrower, any one or more of the Grantors, a surety or any other Person (other than the satisfaction of the Secured Obligations).

Section 2.5 Security for Obligations. The security interests and other rights granted pursuant to this Security Agreement secure, and the Collateral is security for, the prompt performance and payment in full in cash when due, whether at stated maturity, by acceleration or otherwise of the Secured Obligations. Notwithstanding that the balance of the Secured Obligations may at certain times be zero and that no Letters of Credit may at certain times be outstanding, the Liens granted hereunder to the Collateral Agent shall remain in full force and effect at all times and with the same priority until the payment in full in cash of the Secured Obligations, the termination of the commitments, however described, under the Credit Documents, the repayment of all obligations due and the expiration or termination of all outstanding letters of credit provided under the Credit Documents (all such commitments, repayment obligations and outstanding letters of credit are referred to herein as the "Credit Document Commitments").

Section 2.6 Actions Prior to Event of Default. With respect to each Grantors' obligation pursuant to Sections 5.1(e)(i), 5.1(g), and 5.1(l)(i) of the Credit Agreement to cause an Acceptable Security Interest in the Collateral described in this Security Agreement to be created, unless an Event of Default has occurred and is continuing, such obligation shall be satisfied by the execution of this Security Agreement and the filing of applicable financing statements pursuant to Section 3.2 hereof. Subject to each Grantors' compliance with the obligations described in the previous sentence, such Grantor shall not be required to take any further action with respect to the granting or perfection of a security interest in the Collateral covered hereby, including without limitation, providing the Collateral Agent with "control" (within the meaning of Section 8-106 of the UCC) of any deposit accounts, securities accounts or other account or taking any action with respect to Titled Vehicles or delivery of any Collateral, including any Instrument, Document, Chattel Paper, or Negotiable Instrument, unless an Event of Default has occurred and is continuing. Following the occurrence and during the continuance of an Event of Default and upon Collateral Agent's request, each Grantor shall promptly take all actions required by the Collateral Agent to cause an Acceptable Security Interest to exist in all Collateral.

Section 2.7 Grantors Remain Liable. Notwithstanding any other provisions of this Security Agreement to the contrary, (a) each Grantor shall remain severally liable to perform any and all obligations imposed on such Grantor under the Credit Documents or with respect to the Collateral and to perform any and all duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (b) the exercise by Collateral Agent of any of its rights hereunder shall not release any of the Grantors from any of its duties or obligations under the Credit Documents and (c) neither Collateral Agent nor any of the other Financial Institutions shall have any obligation or liability under the Credit Documents by reason of this Security Agreement, nor shall Collateral Agent or any other Financial Institution be obligated to perform

any of the obligations or duties of any of the Grantors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 2.8 Power of Attorney. Each Grantor hereby constitutes and appoints Collateral Agent as such Grantor's attorney-in-fact, at all of Grantors' cost and expense, for which each Grantor shall be severally liable, to exercise, in Collateral Agent's discretion after the occurrence and during the continuance of an Event of Default, all or any of the following powers, which appointment, being coupled with an interest, shall be irrevocable until all of the Secured Obligations have been paid in full and all Commitments have been terminated:

(a) to obtain and adjust insurance under insurance policies naming any of the Grantors as an insured party;

(b) to receive, take, endorse, sign, assign, deliver and collect, all in Collateral Agent's name or any Grantor's name, any and all checks, notes, drafts, and other documents or instruments relating to the Collateral;

(c) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;

(d) to receive, open and dispose of all mail addressed to any of the Grantors with respect to the Collateral which comes into the possession of Collateral Agent and to notify postal authorities to change the address for delivery thereof to such address as Collateral Agent designates, with a copy of such notice to the affected Grantor;

(e) to request from account debtors of any of the Grantors, in the affected Grantor's name or Collateral Agent's name or that of Collateral Agent's designee, information concerning the Receivables and the amounts owing thereon;

(f) to transmit to account debtors indebted on Receivables a notice of Collateral Agent's interest therein;

(g) to notify account debtors indebted on Receivables to make payment directly to Collateral Agent; and

(h) to take or bring, in any Grantor's name or Collateral Agent's name, all steps, actions, suits or proceedings deemed by Collateral Agent necessary or desirable to enforce or effect collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Contract or the rights of Collateral Agent with respect to any of the Collateral.

Section 2.9 Waiver. Each of the Grantors hereby waives promptness, diligence, notice of acceptance and any other notice (except notices expressly required to be given to the Grantors under this Security Agreement) with respect to any of the Secured Obligations and this Security Agreement and any requirement that Collateral Agent or any other 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 one or more of the Grantors or any other Person or any of the Collateral.

Section 2.10 Subrogation. Each of the Grantors hereby irrevocably waives any and all rights to which it may be entitled (by operation of law or otherwise) by performing its obligations under this Security Agreement to be subrogated to the rights of the Financial Institutions against any Borrowers or any of the other Grantors until the Obligations have been paid in full and the Commitments have been terminated. If any amount shall be paid to any of the Grantors on account of such subrogation rights, such Grantor agrees to hold such amount or such payment, as the case may be, in trust for the benefit of the Financial Institutions, and such Grantor agrees to forthwith pay such amount or such payment, as the case may be, to the Collateral Agent to be credited against and applied upon the Secured Obligations, whether matured or unmatured, in such order as may be determined by the Collateral Agent.

Section 2.11 Limitation on Grant. The Financial Institutions and each of the Grantors hereby acknowledge that the security interests granted pursuant to this Security Agreement and the obligations more fully described herein are limited to an aggregate transfer equal to the largest amount that would not render such Grantor's grant and obligations under the Security Documents subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of an applicable state law.

ARTICLE III

GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to such representations, warranties and covenants as are made by the Borrowers and by and on behalf of any one or more of the Grantors under the Credit Documents, which representations, warranties and covenants are hereby deemed made and incorporated into this Security Agreement each as though set forth in its entirety herein, each Grantor, represents and warrants, as of the date hereof and as of the date of each extension of credit under the Credit Agreement, as follows in this Article III:

Section 3.1 Chief Executive Office; Name; Records. Each Grantor's (a) chief executive office address, and (b)state of organization and exact legal name, as reflected in its certificate of incorporation or other original organization document approved by the Governmental Authority charged with approving such documents and authorizing and authenticating the existence of entities in the applicable jurisdiction, is set forth in Schedule I to this Security Agreement. Such information on Schedule I shall be deemed to be updated from time to time by notice to the Collateral Agent given in accordance with Section 5.2(i) of the Credit Agreement.

Section 3.2 Financing Statements and Registrations. Each Grantor authorizes Collateral Agent to file in such jurisdictions as determined by Collateral Agent any such financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of each Grantor where permitted by Applicable Law.

ARTICLE IV

SPECIAL PROVISIONS CONCERNING RECEIVABLES, CONTRACTS, INSTRUMENTS AND ACCOUNTS

Section 4.1 Payments Under Contracts and Receivables.

(a) Notice to Grantors under Contracts. Each Grantor agrees and confirms that, upon the request of Collateral Agent made after an Event of Default and during the continuance thereof, it will notify each party to any Contracts of the assignment thereof to Collateral Agent, instruct each of them that all payments due or to become due and all amounts payable to such Grantor under such Contracts shall, until the Secured Obligations are paid in full and the Credit Document Commitments have been terminated, be made to Collateral Agent, and, if requested by Collateral Agent and reasonably feasible, obtain a written consent and acknowledgement from them in form and substance reasonably acceptable to Collateral Agent. Unless notified to the contrary by Collateral Agent, each Grantor shall, at its own cost and expense, enforce collection of any amounts payable under the Contracts in accordance with Section 5.1(l)(vi) of the Credit Agreement.

(b) Non-Payment to Collateral Agent. Until the Secured Obligations are paid in full and all Credit Document Commitments have been terminated, if after the occurrence of an Event of Default and during the continuance thereof and upon the request of the Collateral Agent any of the Grantors shall receive directly from any party to the Contracts or from any account debtor or other obligor under any Receivable any payments under the Contracts or the Receivables, such Grantor shall receive (and hereby acknowledges that it is receiving) such payments in trust for the benefit of the Financial Institutions, shall segregate such payments from other funds of such Grantor, and shall forthwith transmit and deliver such payments to the Collateral Agent in the same form as so received (with any necessary endorsement) for application to the Secured Obligations.

(c) No Assignment of, or Obtaining Consents under, Contracts. No Grantor shall be required to assign any of its interests in or rights or remedies under any Contract or Contract Documents, including, without limitation, any hedging agreements, or obtain any consent thereunder except during the existence of an Event of Default.

Section 4.2 Direction to Account Parties, Contracting Parties, etc. Each Grantor agrees that, upon the occurrence and during the continuance of an Event of Default, such Grantor shall be bound by any collection, compromise, forgiveness, extension or other action taken by Collateral Agent with respect to the Receivables and the Contracts. Upon the occurrence and during the continuance of an Event of Default, without notice to or assent from any of the Grantors, Collateral Agent may apply any or all amounts then or thereafter deposited with it to the Secured Obligations. The costs and expenses (including reasonable attorneys' fees) of collection, whether incurred by any of the Grantors or Collateral Agent, shall be borne by the Grantors.

ARTICLE V

SPECIAL PROVISIONS CONCERNING CONTRACTS

Section 5.1 Security Interest in Contract Rights. Each Grantor's grant, pursuant to Section 2.1 of this Security Agreement, to the Financial Institutions of a security interest in and on all of the right, title and interest in and to each and all of the Contracts, the Contract Documents and the contract rights thereunder owned by such Grantor, includes, but is not limited to:

(a) all (i) of such Grantor's rights to payment under any Contract or Contract Document and (ii) payments due and to become due to such Grantor under any Contract or Contract Document, in each case whether as contractual obligations, damages or otherwise;

(b) all of such Grantor's claims, rights, powers, or privileges and remedies under any Contract or Contract Document; and

(c) all of such Grantor's rights under any Contract or Contract Document to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Contract or Contract Document to demand, receive, enforce or collect any of the foregoing rights or any property which is the subject of any Contract or Contract Document, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which, in the opinion of Collateral Agent, may be necessary or advisable in connection with any of the foregoing (all of the foregoing in this Section 5.1, the "Contract Rights").

Section 5.2 Contract Right Remedies. Upon the occurrence and during the continuation of an Event of Default (but not prior to such time), Collateral Agent may enforce all remedies, rights, powers and privileges of any one or more of the Grantors under any or all of the Contracts and Contract Documents and/or substitute itself or any nominee or trustee in lieu of such Grantor or Grantors as party to any of the Contracts and Contract Documents.

ARTICLE VI

REMEDIES

Section 6.1 Remedies; Obtaining the Collateral Upon Default. Upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have all the rights and remedies of a secured party under the laws which govern the creation, perfection or enforcement of security interests hereunder to enforce this Security Agreement and the security interests contained herein, and, in addition, Collateral Agent may, upon the occurrence and during the continuance of an Event of Default, in addition to its other rights and remedies hereunder, including without limitation under Section 6.2 hereof, do any of the following to the extent permitted by Applicable Law:

(a) personally, or by trustees or attorneys, immediately take possession of the Collateral or any part thereof, from any one or more of the Grantors or any other Person who then has possession of any part thereof with or without notice or process of any Applicable Law, and for that purpose may enter upon any one or more of the Grantors' premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of any one or more of the Grantors;

(b) take possession of the Collateral or any part thereof, by directing any one or more of the Grantors in writing to deliver the same to Collateral Agent at any place or places designated by Collateral Agent, in which event the applicable Grantor shall at its own expense:

(i) forthwith cause the same to be moved to the place or places so designated by Collateral Agent and there be delivered to Collateral Agent;

(ii) store and keep any Collateral so delivered to Collateral Agent at such place or places pending further action by Collateral Agent as provided in Section 6.2 of this Security Agreement; and

(iii) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain same in good condition.

To the extent permitted by Applicable Law, each Grantor's obligation to deliver the Collateral is of the essence of this Security Agreement and, accordingly, upon application to a court of equity having jurisdiction, Collateral Agent shall be entitled to obtain a decree requiring specific performance by any one or more of the Grantors of said obligations.

Section 6.2 Disposition of the Collateral. Any Collateral of which Collateral Agent has taken possession under or pursuant to Section 6.1 of this Security Agreement and any other Collateral, whether or not so possessed by Collateral Agent, may, upon the occurrence and during the continuance of an Event of Default, to the extent permitted by Applicable Law (including, without limitation, the rules and regulations of the FERC), be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as Collateral Agent may, in compliance with any requirements of Applicable Law, determine to be commercially reasonable. Any such disposition shall be made upon not less than ten (10) days' written notice to the applicable Grantor specifying the time such disposition is to be made and, if such disposition shall be a public sale, specifying the place of such sale. Any such sale may be adjourned by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by Collateral Agent or after any overhaul or repair which Collateral Agent shall determine to be commercially reasonable. To the extent permitted by Applicable Law, Collateral Agent or any Financial Institution may itself bid for and become the purchaser of the Collateral or any item thereof

offered for sale at a public auction without accountability to any of the Grantors (except to the extent of any surplus money received as provided in the Credit Documents).

Section 6.3 Waiver.

(a) EXCEPT AS OTHERWISE PROVIDED IN THIS SECURITY AGREEMENT, EACH GRANTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH COLLATERAL AGENT'S TAKING POSSESSION OR COLLATERAL AGENT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH ANY OF THE GRANTORS WOULD OTHERWISE HAVE UNDER ANY APPLICABLE LAW, AND EACH GRANTOR, FOR ITSELF AND ALL WHO MAY CLAIM UNDER IT, HEREBY FURTHER WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW:

(i) all damages occasioned by such taking of possession of any Collateral except to the extent attributable to the gross negligence or willful misconduct of the Collateral Agent or its agents;

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of Collateral Agent's rights hereunder; and

(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any Applicable Law in order to prevent or delay the enforcement of this Security Agreement or the absolute sale of the Collateral or any portion thereof.

(b) Without limiting the generality of the foregoing and to the extent permitted by Applicable Law, during the continuance of an Event of Default, each Grantor hereby: (i) authorizes Collateral Agent, in its sole discretion and without notice to or demand upon any of the Grantors and without otherwise affecting the obligations applicable hereunder from time to time, to take and hold other collateral (in addition to the Collateral) for payment of any Secured Obligations, or any part thereof, and to exchange, enforce or release such other collateral or any part thereof, and to accept and hold any endorsement or guarantee of payment of the Secured Obligations or any part thereof, and to release or substitute any endorser or guarantor or any other Person granting security for or in any way obligated upon any Secured Obligations, or any part thereof; and (ii) waives and releases any and all right to require Collateral Agent to collect any of the Secured Obligations from any specific item or items of Collateral or from any other party liable as guarantor or in any other manner in respect of any of the Secured Obligations or from any collateral (other than the Collateral) for any of the Secured Obligations.

(c) To the extent permitted by Applicable Law, any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all

right, title, interest, claim and demand, either at law or in equity, of any of the Grantors therein and thereto.

Section 6.4 Application of Proceeds. The proceeds of any sale of the Collateral or any part thereof shall be applied (i) first, to payment of all reasonable costs, fees and expenses, including indemnity payments owing to and reasonable attorneys' fees and expenses incurred by Collateral Agent in exercising the remedies hereunder (ii) second, to the payment of the Secured Obligations and/or deposited into a LC Cash Collateral Account in accordance with the applicable provisions of the Credit Agreement, and (iii) third, the remainder, if any, shall be paid to the respective Grantor, or to Grantor's heirs, devisees, representatives, successors or permitted assigns, or such other persons as may be entitled thereto. Grantor shall be liable for any remaining deficiency remaining after sale.

Section 6.5 Remedies Cumulative; No Waiver. Each and every right, power and remedy hereby specifically given to Collateral Agent shall be in addition to every other right, power and remedy specifically given under this Security Agreement, under any other Security Document or now or hereafter existing at law or in equity, or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Collateral Agent. All such rights, powers and remedies shall be cumulative, and the exercise or the partial exercise of one shall not be deemed a waiver of the right to exercise of any other. No delay or omission of Collateral Agent in the exercise any of its rights, remedies, powers and privileges hereunder or partial or single exercise thereof and no renewal or extension of any of the Secured Obligations, shall impair any such right, remedy, power or privilege or shall constitute a waiver thereof.

Section 6.6 Discontinuance of Proceedings. In case Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry, or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Collateral Agent, then, in every such case, each of the Grantors, Collateral Agent and each holder of any of the Secured Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral, subject to the security interest created under this Security Agreement, and all rights, remedies and powers of Collateral Agent shall continue as if no such proceeding had been instituted.

ARTICLE VII

CONCERNING COLLATERAL AGENT

Section 7.1 Collateral Agent's Rights. The provisions of Article VII of the Credit Agreement shall inure to the benefit of Collateral Agent in respect of this Security Agreement and shall be binding upon the parties hereto.

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 Agent under this Security Agreement may be exercised by any nominee(s) of the Collateral Agent or any

other agent, person or nominee acting on behalf of the Collateral Agent 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) or other nominee(s).

Section 7.3 Limitation on Duty of Collateral Agent in Respect of Collateral. Collateral Agent shall have no duty as to any Collateral in its possession or control other than to comply with mandatory provisions of law and for its gross negligence or willful misconduct or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Collateral Agent shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by Collateral Agent, unless Collateral Agent was grossly negligent in the selection thereof. Collateral Agent may, without notice to any of the Grantors except as required by law and (except as expressly required in the last sentence of this Section 7.3) at any time or from time to time, (i) after the occurrence and during the continuance of an Event of Default, and if (ii) either (a) the Revolving Credit Advances owed by any Borrower having become due and payable in accordance with the terms of the Credit Agreement or (b) the making of the request or the granting of the consent specified by Section 6.1 of the Credit Agreement to authorize the Agent to declare the Revolving Credit Advances owed by any Borrower due and payable pursuant to the provisions of Section 6.1 of the Credit Agreement, charge, set-off and otherwise apply all or any part of the Secured Obligations against any funds held with respect to the Collateral or in any other deposit account. Collateral Agent or each Financial Institution (as the case may be, agree promptly to notify the Grantors after any such set-off and application made by Collateral Agent or such Financial Institution provided that the failure to give such notice shall not affect the validity of such set-off and application.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Notices. Except as otherwise specified herein, all notices, requests, demands, consents, instructions or other communications hereunder shall be given in accordance with the terms of Section 8.2 of the Credit Agreement; however, any notice to a Grantor shall be deemed effective if delivered to the Company.

Section 8.2 Amendments; Waivers. Any amendment or waiver to this Security Agreement or any provision hereof shall only be effective to the extent such amendment or waiver (a) complies with all of those requirements set forth in Section 8.1 of the Credit Agreement and (b) is executed by the Persons that would be required to execute a like amendment of the Credit Agreement. Furthermore, all amendments and waivers to this Security Agreement will be subject to the limitations and restrictions applicable to amendments and waivers of the Credit Agreement.

Section 8.3 Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the Grantors, Collateral Agent and the other Financial Institutions and their respective successors and permitted assigns.

Section 8.4 Survival. All agreements, statements, representations and warranties made by the Grantors herein or in any certificate or other instrument delivered by the Grantors or on the behalf of the Grantors under this Security Agreement shall be considered to have been relied upon by Collateral Agent and the other Financial Institutions and shall survive the execution and delivery of this Security Agreement and the other Credit Documents regardless of any investigation made by Collateral Agent or any other Financial Institution or on their behalf.

Section 8.5 Headings Descriptive. The headings of the various articles, sections and paragraphs of this Security Agreement are for convenience of reference only, do not constitute a part hereof and shall not affect the meaning or construction of any provision hereof.

Section 8.6 Severability. In the event any one or more of the provisions contained in this Security Agreement or in any other Security 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 8.7 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Section 8.8 Waiver of Jury Trial. EACH OF THE GRANTORS, THE COLLATERAL AGENT AND THE OTHER FINANCIAL INSTITUTIONS DOES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OF THE NOTES, ANY LETTERS OF CREDIT, ANY OTHER CREDIT DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 8.9 Forum Selection and Consent to Jurisdiction; Damages. ANY LITIGATION BASED HEREON OR ACTION OF THE COLLATERAL AGENT, THE FINANCIAL INSTITUTIONS OR THE GRANTORS IN CONNECTION HEREWITH 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. ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL MAY BE FOUND. EACH GRANTOR 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 TO THE COMPANY SPECIFIED IN SECTION 8.2 OF THE CREDIT AGREEMENT. EACH GRANTOR 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 ANY GRANTOR 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, SUCH GRANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS SECURITY AGREEMENT. EACH OF THE GRANTORS, THE COLLATERAL AGENT, AND THE OTHER FINANCIAL INSTITUTIONS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY ACTION REFERRED TO IN THIS SECTION 8.9 ANY EXEMPLARY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES; PROVIDED THAT NOTHING HEREIN SHALL CONSTITUTE A WAIVER BY THE AGENT, THE GRANTOR, ANY ISSUING BANK OR ANY BANK OF THE RIGHT TO RECEIVE FULL PAYMENT OF ALL SECURED OBLIGATIONS. GRANTOR HEREBY APPOINTS TWC TO SERVE AS ITS AGENT FOR SERVICE OF PROCESS ON BEHALF OF GRANTOR IN CONNECTION WITH THE CREDIT DOCUMENTS AND THE OBLIGATIONS.

Section 8.10 Collateral Agent May Perform. If any one or more of the Grantors fails to perform any agreement contained herein, Collateral Agent may itself perform, or cause the performance of, such agreement, and the reasonable expenses of Collateral Agent incurred in connection therewith shall be payable by such Grantor.

Section 8.11 Termination; Release. When all of the Secured Obligations have been satisfied or irrevocably paid in full and all Commitments have expired or are terminated, this Security Agreement shall terminate (except as provided in Section 8.12 of this Security Agreement), and Collateral Agent, at the expense of the Grantors, will promptly execute and deliver to each of the Grantors the proper instruments acknowledging the termination of this Security Agreement, and will duly assign, transfer and deliver to any one or more of the Grantors (without recourse and without any representation or warranty of any kind) such of the Collateral as may be in the possession of Collateral Agent and has not theretofore been sold or otherwise applied or released pursuant to this Security Agreement, and shall take such other action, at the Grantors' expense, as the Grantors may reasonably request to effectuate the foregoing. To the extent any Collateral is sold as permitted under the Credit Agreement, such Collateral (unless sold to Company or any of its Subsidiaries) shall be sold free and clear of the Liens created hereby (which Liens shall be automatically released upon such permitted sale), and the Collateral Agent shall be authorized to take any actions deemed appropriate by it in order to effect the foregoing. Promptly upon the request of the Grantors, at the Company's expense, the Collateral Agent will take such action and execute and deliver such instruments and documents necessary to release the liens and security interests created hereby on the Collateral sold or otherwise disposed of, such instruments and documents to be in form and substance reasonably satisfactory to the Collateral Agent.

Section 8.12 Reinstatement. This Security Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by Collateral Agent in

respect of the Secured Obligations is rescinded or must otherwise be restored or returned by any Financial Institution upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any one or more of the Grantors, or upon the appointment of any intervenor or conservator of, or trustee or similar official for, any one or more of the Grantors or any substantial part of its Collateral, or otherwise, all as though such payments had not been made.

Section 8.13 Counterparts. This Security 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 Security Agreement by telecopier shall be as effective as delivery of an original executed counterpart of this Security Agreement.

Section 8.14 No Third Party Beneficiaries. The agreements of the parties hereto are solely for the benefit of the Grantors, the Collateral Agent and the Financial Institutions, and no Person (other than the parties hereto and the Financial Institutions) shall have any rights hereunder.

Section 8.15 Information. Each Grantor will furnish to Collateral Agent from time to time statements and schedules further identifying and describing the Collateral of such Grantor and such other reports in connection with such Collateral as Collateral Agent may reasonably request, all in reasonable detail.

Section 8.16 Costs and Expenses. Each Grantor shall pay on demand to Collateral Agent the amount of any and all reasonable expenses that Collateral Agent may incur in connection with this Security Agreement in accordance with Section 8.4 of the Credit Agreement.

Schedule I State of Organization and Addresses of Grantors

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

COLLATERAL AGENT:

CITICORP USA, INC., solely in its capacity as Collateral Agent

By: /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

GRANTORS:

WILLIAMS FIELD SERVICES COMPANY, a Delaware corporation

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING COMPANY, a Delaware corporation

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING - WAMSUTTER COMPANY, a Delaware corporation

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

Exhibit 10.6

[Execution Copy]

PLEDGE AGREEMENT

This PLEDGE AGREEMENT, dated as of May 3, 2004 (the "Agreement"), is made and entered into by WILLIAMS FIELD SERVICES GROUP, INC., a Delaware corporation ("Pledgor"), in favor of Citicorp USA, Inc., as collateral agent ("Collateral Agent") for its benefit and the ratable benefit of the other Financial Institutions.

PRELIMINARY STATEMENTS

A. The Williams Companies, Inc., a Delaware corporation (the "Company"), Northwest Pipeline Corporation, a Delaware corporation ("NWP"), Transcontinental Gas Pipe Line Corporation, a Delaware corporation ("TGPL", and together with TWC and NWP, the "Borrowers"), have entered into a Credit Agreement dated as of May 3, 2004 (as amended or otherwise modified from time to time, the "Credit Agreement"; the defined terms from the Credit Agreement are used in this Agreement as defined therein unless otherwise defined herein), together with Citicorp USA, Inc., as administrative agent and collateral agent ("Collateral Agent"), Bank of America, N.A., as syndication agent ("Syndication Agent"), Citibank, N.A. and Bank of America N.A., as issuing banks ("Issuing Banks"), the banks named therein (the "Banks"), JPMorgan Chase Bank, The Bank of Nova Scotia and The Royal Bank of Scotland plc, as co-documentation agents (collectively, the "Co-Documentation Agents"), and Citigroup Global Markets Inc. and Banc of America Securities LLC, as joint lead arrangers and co-book runners (collectively, the "Co-Arrangers") providing for the extension of credit and the issuance of Letters of Credit. The Collateral Agent, Syndication Agent, Issuing Banks, Banks, Co-Documentation Agents and Co-Arrangers and each of the successors and permitted assigns of the foregoing are collectively referred to herein as the "Financial Institutions".

B. It is a condition to certain transactions under the Credit Documents that the Pledgor shall have executed and delivered this Agreement.

C. The Company is the principal financing entity for all capital requirements of its Subsidiaries, and from time to time the Company has made capital contributions and advances to certain of its Subsidiaries. The Pledgor is a wholly owned Subsidiary of the Company and will derive substantial direct or indirect benefit from the transactions contemplated by the Credit Documents.

D. The terms defined in Articles 8 and 9 of the Uniform Commercial Code in effect in the State of New York (as amended from time to time, the "UCC") are used herein as defined therein unless otherwise defined herein or in the Credit Agreement.

AGREEMENT

Therefore, in order to induce the Financial Institutions to enter into and/or continue certain financing transactions described in the Credit Documents, Pledgor hereby agrees with

Collateral Agent for the benefit of the Collateral Agent and the other Financial Institutions as follows:

1. Pledge. To secure the Secured Obligations (as defined in Section 2 below), Pledgor hereby TRANSFERS, GRANTS, BARGAINS, SELLS, CONVEYS, HYPOTHECATES, SETS OVER, DELIVERS AND PLEDGES to the Collateral Agent, for the benefit of the Collateral Agent and the other Financial Institutions, and GRANTS to the Collateral Agent, for the benefit of the Collateral Agent and the other Financial Institutions, a security interest in all of Pledgor's right, title and interest of every kind and character now owned or hereafter acquired, created or arising in and to the following (the "Pledged Collateral"):

(a) the Pledged Shares (as defined below);

(b) all certificates and similar evidence of ownership representing the Pledged Collateral;

(c) all cash dividends, stock dividends, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Collateral; and

(d) all additions to and substitutions for any of the foregoing and all products and proceeds of any of the Pledged Collateral, together with all renewals and replacements of any of the Pledged Collateral.

"Pledged Shares" means all shares of capital stock, general and limited partnership interests, limited liability company interests and trust interests described in Schedule I as being held by Pledgor, as amended from time to time, together with: (i) any rights derivative thereof; (ii) all rights, contingent or otherwise, of Pledgor to acquire interests in the entities or organizations represented by the interests described in Schedule I (whether such shares are described as being held by Pledgor or not), as amended from time to time, and all rights to receive cash dividends, stock or like dividends, and distributions upon redemption or liquidation on account of the foregoing or with respect to any such entities; (iii) distributions as a result of split-ups, recapitalizations or rearrangements on account of the foregoing; (iv) stock rights, rights to subscribe, voting rights, rights to receive securities, options, warrants, calls, and commitments with respect to any such entities or organizations; and (v) all new securities and other property which Pledgor now owns or may hereafter become entitled to receive on account of the foregoing or with respect to any such entities or organizations, all ownership rights associated with any of the foregoing arising under the law of any jurisdiction and all rights derivative thereof;

"Obligors" means those entities listed on Schedule I whose shares are owned by Pledgor and which shares constitute Pledged Shares

TO HAVE AND TO HOLD the Pledged Collateral, together with all rights, title, interests, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, forever; subject, however, to the terms, covenants and conditions set forth in this Agreement and subject in all cases to the limitation that the obligations of Pledgor under the Security Documents are limited to an aggregate transfer equal to the largest amount that would

not render Pledgor's grant and obligations under the Security Documents subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

2. Security for Obligations. The security interests and other rights granted pursuant to Section 1 secure, and the Pledged Collateral is security for, the prompt performance and payment in full in cash when due, whether at stated maturity, by acceleration or otherwise of the Secured Obligations. As used in this Agreement the term "Secured Obligations" shall mean the Obligations. Notwithstanding that the balance of the Secured Obligations may at certain times be zero and that no letters of credit may at certain times be outstanding under the Credit Documents, the Liens granted hereunder to the Collateral Agent shall remain in full force and effect at all times and with the same priority until the payment in full in cash of the Secured Obligations and the termination of the Commitments.

3. Delivery of Pledged Collateral. The Pledgor shall make all deliveries required by Section 5.1(l)(ix) of the Credit Agreement in accordance with the terms thereof, accompanied by, if required thereby, a duly executed but blank stock power in the form of Schedule III, or otherwise reasonably acceptable to the Collateral Agent. The Collateral Agent shall have the right, at any time after the occurrence and during the continuance of an Event of Default, in its discretion and without notice to Pledgor, to transfer to or to register in its name or any of its nominees, any or all of the Pledged Collateral, subject only to the revocable rights of Pledgor specified in Section 6(a) hereof. In addition, the Collateral Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations.

4. Representations, Warranties and Covenants. In addition to such representations, warranties and covenants as are made by the Borrowers and by and on behalf of the Pledgor under the Credit Documents, which representations, warranties and covenants are hereby deemed made and incorporated into this Agreement each as though set forth in its entirety herein, Pledgor represents, warrants and covenants to the Collateral Agent and the other Financial Institutions, as of the date hereof and as of the date of each extension of credit under any of the Credit Documents, as follows:

(a) The shares described on Schedule I include all of the authorized, issued and outstanding shares of capital stock of each of the companies listed thereon and the rights to acquire shares in such companies.

(b) Pledgor is the sole legal and equitable owner and holder of the Pledged Shares shown to be owned by Pledgor on Schedule I, which are free and clear of all Liens, or rights or interests of any other Person, of every kind and nature except for the Lien created by this Agreement.

(c) The shares of stock described in Section 4(a) are duly authorized, validly issued, fully paid, non-assessable, and free from any restriction on transfer, and none of such shares has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject.

(d) There are no options, warrants, financing statements, calls or commitments of any character relating to the Pledged Shares, nor are there any rights of first refusal, voting trusts, voting agreements or similar agreements relating to the Pledged Shares.

(e) The pledge, assignment and delivery of the Pledged Collateral pursuant to this Agreement will create a valid first priority lien on and a first priority perfected security interest in the Pledged Collateral and the proceeds thereof.

(f) The appropriate office to file a financing statement in favor of the Collateral Agent is described on Schedule II hereto.

(g) When additional Pledged Collateral of Pledgor is delivered to the Collateral Agent in accordance with Section 3, the representations, warranties and covenants made by Pledgor in Sections 4(b) - (f) shall be deemed to have been made with respect to such additional Pledged Collateral as of the date of such delivery to the Collateral Agent.

5. Further Assurances.

(a) Subject to Pledgor's rights under Section 6, at the Collateral Agent's request from time to time, Pledgor shall instruct (and hereby instructs) any third party holding such Pledged Collateral to obey only the instructions and entitlement orders of the Collateral Agent with respect to such Pledged Collateral and any proceeds thereof.

(b) If the validity or priority of this Agreement or of any rights, titles, security interests or other interests created or evidenced by this Agreement shall be attacked, endangered or questioned or if any legal proceedings are instituted with respect thereto, Pledgor agrees that it will take all necessary and proper steps for the defense of such legal proceedings. The Collateral Agent is authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Agreement and the rights, titles, security interests and other interests created or evidenced by this Agreement, and the Secured Obligations include all reasonable out-of-pocket costs and expenses so incurred of every kind and character.

(c) Regarding any proceedings directly regarding the Pledged Collateral, or any portion thereof, the Collateral Agent may participate therein, and Pledgor agrees that it shall from time to time deliver to the Collateral Agent all instruments reasonably requested by it to permit such participation. Pledgor shall adequately or vigorously, in the reasonable judgment of Collateral Agent, defend Pledgor's or Collateral Agent's rights to the Pledged Collateral.

(d) Pledgor has and will defend the title to the Pledged Collateral held by it and the Liens created by this Agreement against all claims and demands of any Person at any time claiming the Pledged Collateral or any interest therein and will maintain and preserve such Liens until the termination of this Agreement.

6. Voting Rights; Dividends; Etc.

(a) The Pledgor shall have the rights described in (i), (ii) and (iii) below until (x) an Event of Default has occurred and is continuing and (y) the notice requirement in Section 6(c) has been complied with:

(i) Pledgor shall be entitled to exercise any and all voting and/or other consensual rights pertaining to the Pledged Collateral or any part thereof for any purpose consistent with the terms of this Agreement or the Credit Documents; provided, however, that Pledgor shall not exercise or refrain from exercising any such right with the intent of causing a material adverse effect.

(ii) Pledgor shall be entitled to receive and retain any and all dividends paid in respect of the Pledged Collateral, other than any and all:

(A) dividends paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral, provided, however, Pledgor may pay or retain non-cash dividends in the form of equipment, goods, and real property interests to the Company or any of its Subsidiaries to the extent such disposition is permitted by Section 5.2(k) of the Credit Agreement,

(B) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a return of capital, capital surplus or paid-in-surplus, and

(C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Pledged Collateral,

and all of the foregoing described dividends, if any, received by Pledgor, (i) shall be received in trust for the benefit of the Collateral Agent and segregated from the other property or funds of Pledgor and (ii) shall be forthwith delivered to the Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(iii) The Collateral Agent shall execute and deliver (or cause to be executed and delivered) to Pledgor all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to clause (i) above.

(b) Regardless of Pledgor's right described in Section 6(a) above to receive and retain certain rights and property, such rights and property nonetheless secure the repayment of the Secured Obligations and are a part of the Pledged Collateral.

(c) Upon the occurrence and during the continuance of an Event of Default and notice by the Collateral Agent to the Company that an Event of Default exists and that the Collateral Agent has elected to exercise its rights pursuant to Section 6(a), all rights of Pledgor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise

pursuant to Section 6(a)(i), and to receive all dividends which it may be entitled to receive under Section 6(a)(ii), and the obligations of the Collateral Agent under Section 6(a)(iii) shall cease, and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other rights.

(d) In order to permit the Collateral Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 6(c), Pledgor agrees that it shall, from time to time execute and deliver to the Collateral Agent appropriate documents and instruments as the Collateral Agent may reasonably request. To this end, Pledgor hereby irrevocably constitutes and appoints the Collateral Agent the proxy and attorney-in-fact of Pledgor, with full power of substitution, to vote, and to act with respect to, any and all Pledged Collateral standing in the name of Pledgor or with respect to which Pledgor is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless an Event of Default has occurred and is continuing. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until payment in full in cash of the Secured Obligations and the termination of the Commitments.

7. Collateral Agent's Rights and Appointed as Attorney-in-Fact. The provisions of Article VII of the Credit Agreement shall inure to the benefit of Collateral Agent in respect of this Agreement and shall be binding upon the parties hereto. Pledgor hereby appoints the Collateral Agent as Pledgor's true and lawful attorney-in-fact, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise, from time to time after the occurrence and during the continuance of an Event of Default in the Collateral Agent's discretion, subject to Section 6, to take any action and to execute any document or instrument which the Collateral Agent may reasonably deem necessary or desirable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to Pledgor representing any dividend, interest payment or other distribution in respect of the Pledged Collateral or any part thereof and to give full discharge for the same. The Collateral Agent's liability, if any, otherwise arising under applicable law shall be limited to amounts actually received as a result of the exercise of the powers granted to it herein. No Collateral Agent or Financial Institution, and no officer, director, employee or collateral trustee of the Collateral Agent or any Financial Institution, shall be responsible to Pledgor for any act or failure to act hereunder, except that any such Person shall be responsible for its own gross negligence or willful misconduct.

8. Collateral Agent May Perform. If any Pledgor fails to perform any agreement contained herein, Collateral Agent may itself perform, or cause the performance of, such agreement, and the reasonable expenses of Collateral Agent incurred in connection therewith shall be payable by Pledgor. The Collateral Agent is further authorized in its discretion after the occurrence and during the continuance of an Event of Default to take any other action, either on its own behalf or on behalf of Pledgor (and as regards actions taken on behalf of Pledgor, this authorization is irrevocable and is an agency coupled with an interest), as the Collateral Agent may elect, which the Collateral Agent may deem necessary or appropriate to protect and preserve the rights, titles and interests of the Collateral Agent hereunder. The powers conferred on the Collateral Agent pursuant to this Agreement are conferred solely to protect the Collateral Agent and Financial Institutions' interest in the Pledged Collateral and shall not impose any duty or obligation on the Collateral Agent or any Financial Institution to perform any of the powers

herein conferred. No exercise of any of the rights provided for in this Agreement constitutes a retention of collateral in satisfaction of indebtedness.

9. No Responsibility for Certain Actions; Indemnity. Neither the Collateral Agent nor any other Financial Institution shall have responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Collateral, whether or not the Collateral Agent or any other Financial Institution has or is deemed to have knowledge of such matters, (b) taking any necessary steps to preserve any rights against any Person with respect to any Pledged Collateral or (c) supervising, monitoring or controlling any aspect of the character or condition of any of the Pledged Collateral or any operations conducted in connection with it for the benefit of Pledgor or any other Person.

10. Remedies upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Agent may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party after default under the UCC, and, subject to applicable regulatory and legal requirements, the Collateral Agent may also, without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. Upon consummation of any such sale, the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Pledged Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of Pledgor, and Pledgor, for itself and for its successors, receivers, trustees and assigns, and for any and all persons ever claiming any interest in the Pledged Collateral, to the extent permitted by law, hereby WAIVES all rights of extension, redemption, stay, valuation and appraisal, and any similar right arising under the law of any country, which Pledgor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Pledgor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Pledgor hereby WAIVES any claims against the Collateral Agent arising by reason of the fact that the price at which any Pledged Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Pledged Collateral to more than one offeree. At any public sale made pursuant to this Section 10, any Financial Institution may bid for or purchase, free from any right of redemption, stay or appraisal, and any similar right arising under the law of any country, on the part of Pledgor (all said rights being also hereby WAIVED and released by Pledgor), the Pledged Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to it from any Obligor and/or Pledgor as a credit against the purchase price, and it may, upon compliance with the terms of

sale, hold, retain and dispose of such property without further accountability to Pledgor therefor. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose upon the Pledged Collateral and to sell the Pledged Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section 10 shall be deemed to conform to the commercially reasonable standards as provided in the UCC. Pledgor covenants and agrees that it will execute and deliver such documents and take such other action as the Collateral Agent deems necessary or advisable in order that any such sale may be made in compliance with applicable law.

(b) The Collateral Agent shall have all the rights of a secured party after default under the UCC and in conjunction with and in addition to such rights and remedies:

(i) it shall not be necessary that the Pledged Collateral or any part thereof be present at the location of any sale pursuant to the provisions of this Section 10;

(ii) the sale by the Collateral Agent of less than the whole of the Pledged Collateral shall not exhaust the rights of the Collateral Agent hereunder, and the Collateral Agent is specifically empowered to make successive sale or sales hereunder until the whole of the Pledged Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Pledged Collateral shall be less than the aggregate of the Secured Obligations, this Agreement and the security interest created hereby shall remain in full force and effect as to the unsold portion of the Pledged Collateral just as though no sale had been made;

(iii) in the event any sale hereunder is not completed or is defective in the opinion of the Collateral Agent, such sale shall not exhaust the rights of the Collateral Agent hereunder and the Collateral Agent shall have the right to cause a subsequent sale or sales to be made hereunder; and

(iv) demand of performance, advertisement and presence of property at sale are hereby WAIVED and the Collateral Agent is hereby authorized to sell hereunder any financial asset it may hold as security for the Secured Obligations. All demands and presentments of any kind or nature are expressly, WAIVED by Pledgor. Pledgor hereby WAIVES the right to require the Collateral Agent to pursue any other remedy for the benefit of Pledgor and agrees that Collateral Agent may proceed against any Person for the amount of the Secured Obligations owed to the Collateral Agent without taking any action against any other Person and without selling or otherwise proceeding against or applying any of the Pledged Collateral in the Collateral Agent's possession.

(c) Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933 and applicable state securities laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who will agree, among other things, to acquire such securities for their own

account, for investment, and not with a view to the distribution or resale thereof. Pledgor acknowledges and agrees that any such sale may result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions and agrees that such circumstances shall not be a factor in determining whether such sale has been made in a commercially reasonable manner. The Collateral Agent shall be under no obligation to delay the sale of any of the Pledged Collateral for the period of time necessary to permit Pledgor to register such securities for public sale under the Securities Act of 1933, or under applicable state securities laws, even if Pledgor would agree to do so.

(d) If the Collateral Agent determines to exercise its right to sell any or all of the Pledged Collateral, upon written request, Pledgor shall, and shall cause each of its Subsidiaries to, from time to time, furnish to the Collateral Agent all such information as the Collateral Agent may reasonably request in order to determine the number of shares and other instruments included in the Pledged Collateral which may be sold by the Collateral Agent as exempt transactions under the Securities Act of 1933 and rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(e) Any cash held by the Collateral Agent as Pledged Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Pledged Collateral shall be at Collateral Agent's discretion either held as Pledged Collateral or applied by the Collateral Agent to the Secured Obligations in the manner determined by Collateral Agent in its sole discretion.

(f) All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the Secured Obligations, or any part thereof, or otherwise benefiting the Financial Institutions, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

(g) The Collateral Agent may resort to any security given by this Agreement or to any other security now existing or hereafter given to secure the payment of the Secured Obligations, in whole or in part, and in such portions and in such order as may seem best to the Collateral Agent in its sole discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or security interests evidenced by this Agreement.

11. Amendments, Etc. Any amendment or waiver to this Agreement or any provision hereof shall only be effective to the extent such amendment or waiver (a) complies with all of those requirements set forth in Section 8.1 of the Credit Agreement and (b) is executed by the Persons that would be required to execute a like amendment of the Credit Agreement. Furthermore, all amendments and waivers to this Agreement will be subject to the limitations and restrictions applicable to amendments and waivers of the Credit Agreement. The waiver of any default may be made without waiving any other prior or subsequent default. The failure by the Collateral Agent to exercise any right, power or remedy upon any default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by the Collateral Agent of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise

thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No notice to nor demand on Pledgor in any case shall of itself entitle Pledgor to any other or further notice or demand in similar or other circumstances. Acceptance by the Collateral Agent of any payment in an amount less than the amount then due on the Secured Obligations shall be deemed an acceptance on account only and shall not in any way affect the existence of a default. No waiver, release, consent by Collateral Agent pursuant to this Agreement shall affect or impair the rights of a Financial Institution against any third party, except to the extent specifically agreed to by such Financial Institution in such writing.

12. Address for Notices. Except as otherwise specified herein, all notices, requests, demands, consents, instructions or other communications hereunder shall be given in accordance with the terms of Section 8.2 of the Credit Agreement; however, any notice to Pledgor shall be effective if delivered to the Company.

13. Continuing Security Interest. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (a) remain in full force and effect until termination of the Commitments and payment in full in cash of the Secured Obligations; (b) continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations is rescinded or reduced in amount, or must otherwise be restored by the Collateral Agent or any other Financial Institution upon the insolvency, bankruptcy, or reorganization of the Company or otherwise, all as though such payment had not been made; (c) be binding upon Pledgor, its successors and permitted assigns, and any trustee, receiver, or conservator of Pledgor, and any successors in interest of Pledgor in and to all or any part of the Pledged Collateral; and (d) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent, the other Financial Institutions and their respective successors, transferees and permitted assigns. Without limiting the generality of the foregoing clause (d), the Collateral Agent and/or any Financial Institution may assign or otherwise transfer its rights and obligations under the Credit Documents to any other Person or entity, and such other Person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Collateral Agent and/or Financial Institution herein or otherwise, provided that such assignment shall be subject to the limitations on assignments set forth in the Credit Agreement. Upon the completion of both (i) the termination of the Commitments and (ii) the payment in full in cash of the Secured Obligations, the Pledgor shall be entitled to the return, upon its request and at its expense, of such of the Pledged Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof.

14. Security Interest and Obligations Absolute. Each Pledgor agrees, severally, that it will perform its obligations hereunder strictly in accordance with the terms of this Agreement regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting the Secured Obligations of the other Credit Parties or the rights of any of the Financial Institutions with respect thereto. The liability of each of the Pledgor under this Agreement shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of any of the Credit Documents or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment, renewal or waiver of or any consent to any departure from any of the Credit Documents, including, without limitation, any extension of the term and any increase in the Secured Obligations or any other liabilities resulting from the extension of additional credit or otherwise;

(c) any taking, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations or any other liability;

(d) any manner of application of collateral, or proceeds thereof or of collections on account of any guaranty, to all or any of the Secured Obligations or any other liabilities, or any manner of sale or other disposition of any collateral for all or any of the Secured Obligations or any other liabilities or of any other assets of the Company or any other Person;

(e) any liquidation, dissolution or termination of existence of, or other change in, the Company or any other Person;

(f) any bankruptcy, insolvency, receivership or other proceeding involving the Company or any other Person or any defense that may arise in connection with or as a result of any such bankruptcy, insolvency, receivership or other proceeding or otherwise;

(g) any indulgence, moratorium or release granted by any Financial Institution, including but not limited to (i) any renewal, extension or modification which a Financial Institution may grant with respect to the Secured Obligations, (ii) any surrender, compromise, release, renewal, extension, exchange or substitution which a Financial Institution may grant in respect of any item securing the Secured Obligations, or any part thereof or any interest therein, or (iii) any release or indulgence granted to any endorser, guarantor or surety of the Secured Obligations; or

(h) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Company, Pledgor, a third party pledgor or any other Person (other than the satisfaction of the Secured Obligations).

15. Severability. Any provision hereof 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 without affecting the validity or enforceability of any provision in any other jurisdiction.

16. Waiver of Jury Trial. THE PLEDGOR, THE COLLATERAL AGENT, 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 AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

17. Governing Law; Jurisdiction; Damages.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(b) ANY LITIGATION BASED HEREON, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE COLLATERAL AGENT, THE FINANCIAL INSTITUTIONS OR THE PLEDGOR IN CONNECTION HEREWITH 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 PLEDGED COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE PLEDGED COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. PLEDGOR 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 TO THE COMPANY SPECIFIED IN SECTION 8.2 OF THE CREDIT AGREEMENT. PLEDGOR 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 PLEDGOR 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, PLEDGOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT.

(c) PLEDGOR AND THE FINANCIAL INSTITUTIONS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY ACTION OR PROCEEDING REFERRED TO IN THIS SECTION 18 ANY EXEMPLARY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES; PROVIDED THAT NOTHING HEREIN SHALL CONSTITUTE A WAIVER BY THE AGENT, PLEDGOR, ANY ISSUING BANK OR ANY BANK OF THE RIGHT TO RECEIVE FULL PAYMENT OF ALL OBLIGATIONS. PLEDGOR HEREBY APPOINTS TWC TO SERVE AS ITS AGENT FOR SERVICE OF PROCESS ON BEHALF OF PLEDGOR IN CONNECTION WITH THE CREDIT DOCUMENTS AND THE OBLIGATIONS.

(d) THIS AGREEMENT TOGETHER WITH THE OTHER CREDIT DOCUMENTS EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE PARTIES WITH RESPECT TO ITS SUBJECT MATTER AND SUPERSEDES ALL PRIOR OR CONTEMPORANEOUS AGREEMENTS AND

UNDERSTANDINGS OF SUCH PERSONS, VERBAL OR WRITTEN, RELATING TO SUCH SUBJECT MATTER.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall be deemed to constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be as effective as delivery of an original executed counterpart of this Agreement.

19. Waiver. Pledgor hereby waives promptness, diligence, notice of acceptance and any other notice (except notices expressly required to be given to Pledgor under this Agreement) with respect to any of the Secured Obligations and this Agreement and any requirement that any of the Financial Institutions 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 the Company or any other Person or any collateral.

20. Subrogation. Pledgor irrevocably WAIVES any and all rights to which it may be entitled (by operation of law or otherwise) by performing its obligations under this Agreement to be subrogated to the rights of any Financial Institution against the Company until the Obligations have been paid in full and the Commitments have been terminated. If any amount shall be paid to Pledgor on account of such subrogation rights, Pledgor agrees to hold such amount of such payment, as the case may be, in trust for the benefit of the Financial Institutions, and Pledgor agrees to forthwith pay such amount or such payment, as the case may be, to the Collateral Agent to be credited against and applied upon the Secured Obligations, in such order as may be determined by the Collateral Agent in its sole discretion.

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IN WITNESS WHEREOF, the Pledgor caused this Agreement to be duly executed and delivered by their respective officers or representatives thereunto duly authorized as of the date first above written.

PLEDGOR:

WILLIAMS FIELD SERVICES GROUP, INC.

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

Agreed to:

CITICORP USA, INC.,
SOLELY IN ITS CAPACITY AS COLLATERAL AGENT

By: /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

Exhibit 10.7

[Execution Copy]

WESTERN MIDSTREAM GUARANTY

This Guaranty dated as of May 3, 2004, (the "Guaranty") is by each of the entities named on the signature pages hereto (each a "Guarantor" and collectively, the "Guarantors"), in favor of Citicorp USA, Inc., solely in its capacity as collateral agent ("Collateral Agent") for the Financial Institutions (as defined below).

INTRODUCTION

A. The Williams Companies, Inc., a Delaware corporation (the "Company"), Northwest Pipeline Corporation, a Delaware corporation ("NWP"), and Transcontinental Gas Pipe Line Corporation, a Delaware corporation ("TGPL", and together with TWC and NWP, the "Borrowers"), have entered into a Credit Agreement dated as of May 3, 2004 (as amended or otherwise modified from time to time, the "Credit Agreement", the defined terms from the Credit Agreement are used in this Guaranty as defined therein unless otherwise defined herein), together with Citicorp USA, Inc., as administrative agent and collateral agent ("Collateral Agent"), Bank of America, N.A., as syndication agent ("Syndication Agent"), Citibank, N.A. and Bank of America, N.A., as issuing banks ("Issuing Banks"), the banks named therein (the "Banks"), JPMorgan Chase Bank, The Bank of Nova Scotia and The Royal Bank of Scotland PLC as co-documentation agents (collectively, the "Co-Documentation Agents"), and Citigroup Global Markets Inc. and Banc of America Securities LLC, as joint lead arrangers and co-book runners (collectively, the "Co-Arrangers"), providing for the extension of credit and the issuance of Letters of Credit. The Collateral Agent, Syndication Agent, Issuing Banks, Banks, Co-Documentation Agents and Co-Arrangers and the successors and permitted assigns of the foregoing are collectively referred to herein as the "Financial Institutions."

B. It is a condition to certain transactions under the Credit Documents, that the Guarantors shall have executed and delivered this Guaranty.

C. The Company is the principal financing entity for all capital requirements of its Subsidiaries, and from time to time the Company has made capital contributions and advances to each Guarantor. Each 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.

THEREFORE, in order to induce the Financial Institutions to enter into and/or continue certain financing transactions described in the Credit Documents, each of the Guarantors hereby agrees for the benefit of the Financial Institutions as follows:

Section 1. Guaranty. Each of the Guarantors, severally, hereby unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the Guaranteed Obligations (defined below). For purposes of this Guaranty, the term "Guaranteed Obligations" shall mean collectively (a) all obligations under this Guaranty and (b) all Obligations (as such term is defined in the Credit Agreement, including, without limitation, the outstanding principal amount of indebtedness, reimbursement obligations

for draws on letters of credit, and cash collateralization obligations for letters of credit under the Credit Documents, all accrued but unpaid interest thereon under the Credit Documents, all premiums, if any, in connection therewith under the Credit Documents, all fees in connection therewith under the Credit Documents, and all other reimbursement, indemnification, and other payment obligations in connection therewith under the Credit Documents; 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 (i) 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 (ii) increases contemplated by Section 2.19 of the Credit Agreement) and/or the commitments to advance funds or letters of credit thereunder. Without limiting the generality of the foregoing, each 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 any Borrowers, or any guarantor of any portion of the foregoing Guaranteed Obligations (collectively such guarantors together with the Guarantors and the Borrowers are referred to herein as the "Obligors"). This Guaranty is a guarantee of payment, not of collection, and each Guarantor is primarily liable for the payment of the Guaranteed Obligations. In the event that Collateral Agent wishes to enforce the guarantee contained in this Section 1 hereof against any Guarantor, it shall make written demand for payment from such Guarantor, provided that no such demand shall be required if such Guarantor is in bankruptcy, liquidation, or other insolvency proceedings, and provided that failure by Collateral Agent to make such demand shall not affect any Guarantor's obligations under this Guaranty.

Section 2. Limit of Liability. The liabilities and obligations of each Guarantor under the Credit Documents 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. Each of the Guarantors 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 the obligations described in clause (b) of Section 1 above or the rights of the Collateral Agent or any other Financial Institution with respect thereto. The obligations of each 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 each 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 such 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 (subject to Section 1), 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, willful, unreasonable, or unjustifiable impairment) of any collateral securing payment of the Guaranteed Obligations; the failure of Collateral Agent, any other 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 such 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 Collateral Agent or any other 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 Collateral Agent or any other 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 Collateral Agent or any other Financial Institution being held to constitute a preference under bankruptcy laws, or for any reason Collateral Agent or any other 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 any Guarantor or increases the likelihood that any 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 such Guarantor or the satisfaction of the Guaranteed Obligations).

Section 4. Collateral Agent's Rights and Certain Waivers.

4.01. Notice and Other Remedies. Each of the Guarantors 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 Collateral Agent or any other 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, each of the Guarantors hereby irrevocably waives any claim or other rights which it may acquire against any Obligor that arise from such 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 Collateral Agent or any other Financial Institution against any Obligor, or any collateral which Collateral Agent or any other Financial Institution now has or acquires. If any amount shall be paid to any 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 Collateral Agent and the Financial Institutions, and shall promptly be paid to Collateral Agent for the benefit of Collateral Agent and the Financial Institutions to be applied to the Guaranteed Obligations, whether matured or unmatured, as Collateral Agent may elect. Each of the Guarantors 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) Each of the Guarantors agrees that, to the extent that any Borrower makes payments to Collateral Agent or any other Financial Institution, or Collateral Agent or any other 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. EACH OF THE GUARANTORS SHALL INDEMNIFY THE COLLATERAL AGENT AND ANY OTHER FINANCIAL INSTITUTION AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS FROM, AND DISCHARGE, RELEASE, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS OR DAMAGES TO WHICH ANY OF THEM MAY BECOME SUBJECT, INSOFAR AS SUCH LOSSES, LIABILITIES, 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 ANY 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 PRESENTLY OR

PREVIOUSLY-OWNED OR OPERATED PROPERTIES, OR THE OPERATIONS OR BUSINESS, OF ANY OBLIGOR, AND EACH OF THE GUARANTORS SHALL REIMBURSE THE COLLATERAL AGENT AND EACH FINANCIAL INSTITUTION, AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS, UPON DEMAND FOR ANY REASONABLE OUT-OF-POCKET EXPENSES (INCLUDING LEGAL FEES) INCURRED IN CONNECTION WITH ANY SUCH INVESTIGATION, LITIGATION OR OTHER PROCEEDING; SUCH INDEMNIFIATION AND REIMBURSEMENT OBLIGATIONS EXPRESSLY INCLUDE ANY SUCH LOSSES, LIABILITIES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS, DAMAGES, OR EXPENSE INCURRED BY REASON OF THE NEGLIGENCE (OTHER THAN GROSS NEGLIGENCE) OF THE PERSON BEING INDEMNIFIED, BUT EXCLUDE ANY SUCH LOSSES, LIABILITIES, 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.

Collateral Agent shall have the absolute right to make demands, file suits and claims, engage in other proceedings and exercise any other rights or remedies available to Collateral Agent to collect amounts owed to it pursuant to the terms of the indemnities set forth in this Guaranty, and Collateral Agent shall not need the consent of any other Financial Institution or Person whatsoever to do so.

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 Documents without affecting the rights provided for in this Guaranty.

Section 5. Representations, Warranties and Covenants. In addition to such representations, warranties and covenants as are made by the Borrowers and by and on behalf of the Guarantors under the Credit Documents, which representations, warranties and covenants are hereby deemed made and incorporated into this Agreement each as though set forth in its entirety herein, each Guarantor covenants, to the Collateral Agent and the other Financial Institutions, that such Guarantor will comply with all provisions of the Credit Documents that are applicable to such Guarantor including the provisions of Article V of the Credit Agreement and Article III of the Midstream Security Agreement.

Section 6. Miscellaneous.

6.01. Amendments, Waivers. Any amendment or waiver to this Guaranty or any provision hereof shall only be effective to the extent such amendment or waiver (a) complies with all of those requirements set forth in Section 8.1 of the Credit Agreement and (b) is executed by the Persons that would be required to execute a like amendment of the Credit Agreement. Furthermore, all amendments and waivers to this Guaranty will be subject to the limitations and restrictions applicable to amendments and waivers of the Credit Agreement.

6.02. Notices. All notices and other communications to a Guarantor shall be delivered to the address of the Company set forth in Section 8.2 of the Credit Agreement, or to such other address as shall be designated by such Guarantor by written notice to the Collateral Agent. 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.

6.03. No Waiver; Remedies. No failure on the part of Collateral Agent or any other 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.

6.04. Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default, and (ii) either (a) the Revolving Credit Advances owed by any Borrower having become due and payable in accordance with the terms of the Credit Agreement or (b) the making of the request or the granting of the consent specified by Section 6.1 of the Credit Agreement to authorize the Agent to declare the Revolving Credit Advances owed by any Borrower due and payable pursuant to the provisions of Section 6.1 of the Credit Agreement, each of Collateral Agent and the other Financial Institutions 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 Collateral Agent or such Financial Institution to the accounts of the Guarantors against any and all of the obligations of the Guarantors under this Guaranty, irrespective of whether or not Collateral Agent or such Financial Institution shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Collateral Agent and each Financial Institution agree promptly to notify the Guarantors after any such set-off and application made by Collateral Agent or 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 Collateral Agent and the Financial Institutions under this Section 6.04 are in addition to any other rights and remedies (including, without limitation, other rights of set-off) which Collateral Agent and the Financial Institutions may have.

6.05. 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 each Guarantor and its respective successors and assigns, (c) inure to the benefit of, and be enforceable by, Collateral Agent and each of the Financial Institutions and their respective successors, transferees and assigns, and (d) not be terminated by any Guarantor or any other Person. Without limiting the generality of the foregoing clause (c), Collateral Agent and any other Financial Institution may assign or otherwise transfer all or any portion of its rights and obligations under this Guaranty and the assignee shall thereupon become vested with all the benefits in respect thereof granted to Collateral Agent or such Financial Institution herein or otherwise, provided that such assignment shall be subject to the limitations on assignments set forth in the Credit Agreement. 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, Collateral Agent will, at such Guarantor's expense, execute and deliver to any Guarantor such documents as such Guarantor shall reasonably request and take any other actions reasonably requested to evidence or effect such termination. This Guaranty is not assignable by any Guarantor without the written consent of the Collateral Agent.

6.06 Governing Law; Submission to Jurisdiction; Damages; 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 6.06(b) hereof and to the extent that the federal laws of the United States of America may otherwise apply.

(b) Notwithstanding anything in Section 6.06(a) hereof to the contrary, nothing in this Guaranty shall be deemed to constitute a waiver of any rights which Collateral Agent or any of the other 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 Collateral Agent or any other 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 COLLATERAL AGENT, THE FINANCIAL INSTITUTIONS OR ANY 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, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH 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 FOR NOTICES PROVIDED FOR HEREIN. EACH 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 ANY 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, EACH 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. EACH OF THE GUARANTORS, THE COLLATERAL AGENT, AND THE FINANCIAL INSTITUTIONS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY ACTION OR PROCEEDING REFERRED TO IN THIS SECTION 6.06 ANY EXEMPLARY, PUNITIVE SPECIAL OR CONSEQUENTIAL DAMAGES; PROVIDED THAT NOTHING HEREIN SHALL CONSTITUTE A WAIVER BY THE COLLATERAL AGENT, OR ANY OTHER FINANCIAL INSTITUTION OF THE RIGHT TO RECEIVE FULL PAYMENT OF THE GUARANTEED OBLIGATIONS.

(d) EACH GUARANTOR, COLLATERAL AGENT 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 Collateral Agent, the Financial Institutions and their respective successors and permitted assigns, and no other Person shall have the right to bring any claim or cause of action based on this Guaranty.

6.07. Survival. All agreements, statements, representations and warranties made by the Guarantors herein or in any certificate or other instrument delivered by the Guarantors or on the behalf of the Guarantors under this Guaranty shall be considered to have been relied upon by Collateral Agent and the Financial Institutions and shall survive the execution and delivery of

this Guaranty and the other Credit Documents regardless of any investigation made by Collateral Agent or any other Financial Institution or on their behalf.

6.08. Headings Descriptive. The headings of the various articles, sections and paragraphs of this Guaranty are for convenience of reference only, do not constitute a part hereof and shall not affect the meaning or construction of any provision hereof.

6.9. Severability. In the event any one or more of the provisions contained in this Guaranty or in any Security 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.

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Each Guarantor has caused this Guaranty to be duly executed as of the date first above written.

GUARANTORS:

WILLIAMS FIELD SERVICES COMPANY

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING COMPANY

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING - WAMSUTTER COMPANY

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

Exhibit 10.8

[Execution Copy]

PIPELINE HOLDCO GUARANTY

This Guaranty dated as of May 3, 2004, (the "Guaranty") is by WILLIAMS GAS PIPELINE COMPANY, LLC, a Delaware limited liability company ("Guarantor"), in favor of Citicorp USA, Inc., solely in its capacity as collateral agent ("Collateral Agent") for the Financial Institutions (as defined below).

INTRODUCTION

A. The Williams Companies, Inc., a Delaware corporation (the "Company"), Northwest Pipeline Corporation, a Delaware corporation ("NWP"), and Transcontinental Gas Pipe Line Corporation, a Delaware corporation ("TGPL", and together with TWC and NWP, the "Borrowers"), have entered into a Credit Agreement dated as of May 3, 2004 (as amended or otherwise modified from time to time, the "Credit Agreement", the defined terms from the Credit Agreement are used in this Guaranty as defined therein unless otherwise defined herein), together with Citicorp USA, Inc., as administrative agent and collateral agent ("Collateral Agent"), Bank of America, N.A., as syndication agent ("Syndication Agent"), Citibank, N.A. and Bank of America, N.A., as issuing banks ("Issuing Banks"), the banks named therein (the "Banks"), JPMorgan Chase Bank, The Bank of Nova Scotia and The Royal Bank of Scotland PLC as co-documentation agents (collectively, the "Co-Documentation Agents") and Citigroup Global Markets Inc. and Banc of America Securities LLC, as joint lead arrangers and co-book runners (collectively, the "Co-Arrangers"), providing for the extension of credit and the issuance of Letters of Credit. The Collateral Agent, Syndication Agent, Issuing Banks, Banks, Co-Documentation Agents and Co-Arrangers and each of the successors and permitted assigns of the foregoing are collectively referred to herein as the "Financial Institutions".

B. It is a condition to certain transactions under the Credit Documents, that the Guarantor shall have executed and delivered this Guaranty.

C. The Company is the principal financing entity for all capital requirements of some of its Subsidiaries, and 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.

THEREFORE, in order to induce the Financial Institutions to enter into and/or continue certain financing transactions described in the Credit Documents, the Guarantor hereby agrees for the 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 Guaranteed Obligations (defined below). For purposes of this Guaranty, the term "Guaranteed Obligations" shall mean collectively (a) all obligations under this Guaranty and (b) all Obligations (as such term is defined by the Credit Agreement) including, without limitation, the outstanding principal amount of indebtedness, reimbursement obligations for draws on letters of credit, and cash collateralization obligations for letters of credit under the Credit Documents, all accrued but unpaid interest thereon under the Credit Documents, all premiums, if any, in

connection therewith under the Credit Documents, all fees in connection therewith under the Credit Documents, and all other reimbursement, indemnification, and other payment obligations in connection therewith under the Credit Documents; 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 (i) 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 (ii) increases contemplated by Section 2.19 of the Credit Agreement) 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 any Borrowers, 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. In the event that Collateral Agent wishes to enforce the guarantee contained in this Section 1 hereof against Guarantor, 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 Collateral Agent to make such demand shall not affect Guarantor's obligations under this Guaranty.

Section 2. Limit of Liability. The liabilities and obligations of the Guarantor under the Credit Documents 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 the obligations described in clause (b) of Section 1 above or the rights of the Collateral Agent or any other 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 (subject to Section 1), 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, willful, unreasonable, or unjustifiable impairment) of any collateral securing payment of the Guaranteed Obligations; the failure of Collateral Agent, any other 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 Collateral Agent or any other 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 Collateral Agent or any other 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 Collateral Agent or any other Financial Institution being held to constitute a preference under bankruptcy laws, or for any reason Collateral Agent or any other 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 or the satisfaction of the Guaranteed Obligations).

Section 4. Collateral Agent's 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 Collateral Agent or any other 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 Collateral Agent or any other Financial Institution against any Obligor, or any collateral which Collateral Agent or any other 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 Collateral Agent and the Financial Institutions, and shall promptly be paid to the Collateral Agent for the benefit of Collateral Agent and the other Financial Institutions to be applied to the Guaranteed Obligations, whether matured or unmatured, as Collateral Agent may elect. 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 Collateral Agent or any other Financial Institution, or Collateral Agent or any other 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 COLLATERAL AGENT AND EACH FINANCIAL INSTITUTION AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS FROM, AND DISCHARGE, RELEASE, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS OR DAMAGES TO WHICH ANY OF THEM MAY BECOME SUBJECT, INSOFAR AS SUCH LOSSES, LIABILITIES, 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 PRESENTLY OR PREVIOUSLY-OWNED OR OPERATED PROPERTIES, OR THE OPERATIONS OR BUSINESS, OF ANY OBLIGOR, AND GUARANTOR SHALL REIMBURSE COLLATERAL AGENT AND EACH FINANCIAL INSTITUTION, AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS, UPON DEMAND FOR ANY REASONABLE OUT-OF-POCKET EXPENSES (INCLUDING

LEGAL FEES) INCURRED IN CONNECTION WITH ANY SUCH INVESTIGATION, LITIGATION OR OTHER PROCEEDING; AND SUCH INDMENIFICATION AND REIMBURSEMENT OBLIGATIONS EXPRESSLY INCLUDE ANY SUCH LOSSES, LIABILITIES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS, DAMAGES, OR EXPENSE INCURRED BY REASON OF THE NEGLIGENCE (OTHER THAN GROSS NEGLIGENCE) OF THE PERSON BEING INDEMNIFIED, BUT EXCLUDE ANY SUCH LOSSES, LIABILITIES, 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.

Collateral Agent shall have the absolute right to make demands, file suits and claims, engage in other proceedings and exercise any other rights or remedies available to Collateral Agent to collect amounts owed to it pursuant to the terms of the indemnities set forth in this Guaranty, and Collateral Agent shall not need the consent of any other Financial Institution or Person whatsoever to do so.

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 Documents without affecting the rights provided for in this Guaranty.

Section 5. Representations, Warranties and Covenants. The representations, warranties and covenants as are made by the Borrowers and by and on behalf of the Guarantor under the Credit Documents are hereby deemed made and incorporated into this Agreement each as though set forth in its entirety herein.

Section 6. Miscellaneous.

6.01. Amendments; Waivers. Any amendment or waiver to this Guaranty or any provision hereof shall only be effective to the extent such amendment or waiver (a) complies with all of those requirements set forth in Section 8.1 of the Credit Agreement and (b) is executed by the Persons that would be required to execute a like amendment of the Credit Agreement. Furthermore, all amendments and waivers to this Guaranty will be subject to the limitations and restrictions applicable to amendments and waivers of the Credit Agreement.

6.02. 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 the Collateral Agent. 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.

6.03. No Waiver; Remedies. No failure on the part of Collateral Agent or any other 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.

6.04. Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default, and (ii) either (a) the Revolving Credit Advances owed by any Borrower having

become due and payable in accordance with the terms of the Credit Agreement or (b) the making of the request or the granting of the consent specified by Section 6.1 of the Credit Agreement to authorize the Agent to declare the Revolving Credit Advances owed by any Borrower due and payable pursuant to the provisions of Section 6.1 of the Credit Agreement, each of Collateral Agent and the other Financial Institutions 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 Collateral Agent or 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. Collateral Agent and each Financial Institution agree promptly to notify the Guarantor after any such set-off and application made by Collateral Agent or 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 Collateral Agent and the Financial Institutions under this Section 6.04 are in addition to any other rights and remedies (including, without limitation, other rights of set-off) which the Financial Institutions may have.

6.05. 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, Collateral Agent and each of the Financial Institutions and their respective successors, transferees and permitted assigns, and (d) not be terminated by Guarantor or any other Person. Without limiting the generality of the foregoing clause (c), Collateral Agent and any other Financial Institution may assign or otherwise transfer all or any portion of its rights and obligations under this Guaranty and the assignee shall thereupon become vested with all the benefits in respect thereof granted to Collateral Agent or such Financial Institution herein or otherwise, provided that such assignment shall be subject to the limitations on assignments set forth in the Credit Agreement. 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, Collateral Agent 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 Collateral Agent.

6.06 Governing Law; Submission to Jurisdiction; Damages; 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 6.06(b) hereof and to the extent that the federal laws of the United States of America may otherwise apply.

(b) Notwithstanding anything in Section 6.06(a) hereof to the contrary, nothing in this Guaranty shall be deemed to constitute a waiver of any rights which Collateral Agent or 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 Collateral Agent or any other 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 COLLATERAL AGENT, 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, AT COLLATERAL AGENT'S OPTION, 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. EACH OF GUARANTOR, THE COLLATERAL AGENT, AND THE FINANCIAL INSTITUTIONS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY ACTION OR PROCEEDING REFERRED TO IN THIS SECTION 6.06 ANY EXEMPLARY, PUNITIVE SPECIAL OR CONSEQUENTIAL DAMAGES; PROVIDED THAT NOTHING HEREIN SHALL CONSTITUTE A WAIVER BY THE COLLATERAL AGENT, OR ANY OTHER FINANCIAL INSTITUTIONS OF THE RIGHT TO RECEIVE FULL PAYMENT OF THE GUARANTEED OBLIGATIONS.

(d) GUARANTOR, COLLATERAL AGENT 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 permitted assigns, and no other Person shall have the right to bring any claim or cause of action based on this Guaranty.

6.08. Survival. All agreements, statements, representations and warranties made by the Guarantors herein or in any certificate or other instrument delivered by the Guarantors or on the behalf of the Guarantors under this Guaranty shall be considered to have been relied upon by Collateral Agent and the Financial Institutions and shall survive the execution and delivery of this Guaranty and the other Credit Documents regardless of any investigation made by Collateral Agent or any other Financial Institution or on their behalf.

6.09. Headings Descriptive. The headings of the various articles, sections and paragraphs of this Guaranty are for convenience of reference only, do not constitute a part hereof and shall not affect the meaning or construction of any provision hereof.

6.10. Severability. In the event any one or more of the provisions contained in this Guaranty or in any Security 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Guarantor has caused this Guaranty to be duly executed as of the date first above written.

WILLIAMS GAS PIPELINE COMPANY, LLC

By: /s/ Travis N. Campbell

Name: Travis N. Campbell
Title: Assistant Treasurer

Address for Notices:
One Williams Center
Attn: Treasurer
Tulsa, OK 74172

[SIGNATURE PAGE TO PIPELINE HOLDERS GUARANTY]

Exhibit 12

The Williams Companies, Inc.
Computation of Ratio of Earnings to Fixed Charges
(Dollars in millions)

	Three months ended March 31, 2004
Earnings:	
Income from continuing operations before income taxes	$ 20.4
Add:	
Interest expense - net	239.3
Rental expense representative of interest factor	6.2
Minority interest in income of consolidated subsidiaries	4.8
Interest expense - net - 50% owned companies	.4
Other	(2.5)
Total earnings as adjusted plus fixed charges	$ 268.6
Fixed charges:	
Interest expense - net	$ 239.3
Capitalized interest	4.0
Rental expense representative of interest factor	6.2
Interest expense - net - 50% owned companies	.4
Fixed charges	$ 249.9
Ratio of earnings to fixed charges	1.07

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Steven J. Malcolm, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Williams Companies, Inc.;

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

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

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

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

By: /s/ Steven J. Malcolm
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Donald R. Chappel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Williams Companies, Inc.;

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

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

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

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

By: /s/ Donald R. Chappel
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

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 March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 results of operations of the Company.

/s/ Steven J. Malcolm
Steven J. Malcolm
Chief Executive Officer
May 6, 2004

/s/ Donald R. Chappel
Donald R. Chappel
Chief Financial Officer
May 6, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.