full force and effect on the Closing Date and shall impose no restrictions or conditions that are, individually or in the aggregate, reasonably likely to have either (i) a Transfer Group Material Adverse Effect or (ii) a material adverse effect on Purchaser and Southern Union Company, taken as a whole.

7.3 Conditions Precedent to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by Sellers, in whole or in part, subject to Applicable Law):

(a) All of the representations and warranties of Purchaser contained herein shall be true and correct on and as of the Closing Date, except those representations and warranties of Purchaser that speak of a certain date, which representations and warranties shall have been true and correct as of such date; provided, however, that this condition shall be deemed to have been satisfied so long as any failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to result in a Purchaser Material Adverse Effect;

(b) Purchaser shall have performed and complied with all obligations and covenants required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date, in all material respects;

(c) Sellers shall have been furnished with the documents referred to in Section 8.2, including originally executed versions of this Agreement and the Transaction Documents executed by all parties thereto other than Sellers; and

(d) Enron shall have obtained all consents, waivers or releases from ENARGAS with respect to Enron's interest in TGS, that are necessary or desirable, in Enron's discretion, to effect the transactions contemplated by this Agreement.

ARTICLE VIII

DOCUMENTS TO BE DELIVERED

8.1 Documents to Be Delivered by Sellers. At the Closing, Sellers shall deliver, or cause to be delivered, to Purchaser the following:

(a) membership certificates representing the Equity Interest, duly endorsed in blank or accompanied by transfer powers and with all requisite transfer tax stamps attached and stock certificates or other membership certificates representing ownership interests in the Transfer Group Companies;

(b) a certified copy of the Approval Order;

(c) written resignations or evidence of removal of each of the directors of the Company;

(d) evidence of the release of all Liens imposed on the Equity Interest in connection with the DIP Agreement;

(e) a certificate of an officer of each Seller certifying that the closing conditions set forth in Section 7.2(a) (with respect to Sellers' representations and warranties) and Section 7.2(b) (with respect to Sellers' obligations and covenants) have been satisfied;

(f) originally executed versions of this Agreement and the Transaction Documents executed by all parties thereto other than Purchaser; and

(g) amendments to the Transition Services Agreement (as so amended, the "TSA") and the Transition Services Supplement Agreement (as so amended, the "TSSA"), extending the terms thereof to six (6) months from the Closing and consistent with the terms set forth on Schedule 8.1(g).

8.2 Documents to Be Delivered by Purchaser. At the Closing, Purchaser shall deliver to Sellers the following:

(a) evidence-of the wire transfer[s] referred to in Section 2.3 hereof;

(b) a certificate of an officer of Purchaser certifying that the closing conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied;

(c) originally executed versions of this Agreement and the Transaction Documents executed by all parties thereto other than Sellers; and

(d) originally executed versions of a Transfer Group Company Guaranty executed by each Transfer Group Company (other than any Citrus Group Company) in form and substance reasonably satisfactory to Sellers.

ARTICLE IX

TAX, ERISA AND TGS MATTERS

9.1 Tax Sharing Agreements. Any Tax sharing agreement between any of the Sellers and any Transfer Group Company and all obligations or liabilities arising under any such agreements, shall be terminated immediately prior to the Closing and shall have no further effect for any taxable year (whether the current year, a future year, or a past year).

9.2 Preparation of Tax Returns; Payment of Taxes.

(a) (i) Where required by Applicable Law, Sellers shall include the Transfer Group Companies in, or cause the Transfer Group Companies to be included in, and shall file or cause to be filed, (A) the United States consolidated federal income Tax Returns of Enron for all taxable periods of the Transfer Group Companies ending on or prior to the Closing Date; and (B) where applicable, all other consolidated, combined or unitary Tax Returns of, or which include, one or more of the Transfer Group Companies for all taxable periods ending on or prior to the Closing Date. Sellers shall remit (or cause to be remitted) all Taxes shown due with respect to the Tax Returns referred to in clauses (A) and (B) of this Section 9.2(a)(i). Within 120 days after the Closing Date (or sooner if necessary to enable Sellers to timely file a Tax Return), Purchaser shall cause each of the Transfer Group Companies to prepare and provide to Sellers a package of Tax information materials, including schedules and work papers (the "Tax Package") required by Sellers to enable Sellers to prepare and file all Tax Returns (which have not been filed on or before the Closing Date) required to be prepared and filed by Sellers pursuant to this Section 9.2(a)(i).

(ii) Sellers shall prepare and file, or cause to be prepared and filed, all Tax Returns of or which include any of the Transfer Group Companies, other than Tax Returns described in Section 9.2(a)(i), that are required to be filed (after giving effect to any valid extension of time in which to make such filing) on or prior to the Closing Date. Sellers shall cause the Transfer Group Companies to pay all Taxes shown due on Tax Returns described in this Section 9.2(a)(ii).

(iii) Purchaser shall prepare and file, or cause to be prepared and filed, on behalf of the Transfer Group Companies all other Tax Returns of, or which include, the Transfer Group Companies (other than those Tax Returns described in Section 9.2(a)(i) and Section 9.2(a)(ii) above). Purchaser, or the Transfer Group Companies, shall remit (or cause to be remitted) all Taxes shown due on Tax Returns referred to in this Section 9.2(a)(iii).

(iv) To the extent applicable, Purchaser shall prepare IRS Forms 8023, 8594 and 8883 and any other similar forms required to be filed with a Taxing Authority in connection with the transactions contemplated by this Agreement.

(b) (i) All Tax Returns described in clauses (i), (ii) and (iii) of Section 9.2(a) (including the Tax Package) for taxable periods ending on or before or which include the Closing Date shall be prepared in a manner consistent with past practice unless a past practice has been finally determined to be incorrect by the applicable Taxing Authority or a contrary treatment is required by applicable Tax Laws (or the judicial or administrative interpretations thereof).

(ii) Purchaser will provide Sellers with copies of all Tax Returns described in clauses (iii) and (iv) of Section 9.2(a) at least twenty (20) Business Days prior to the filing date; provided, however, that Purchaser shall have no obligation to furnish any Tax Returns referred to in Section 9.2(a)(iii) for which Sellers have no

liability for Taxes pursuant to clause (i) or (ii) of Section 9.10(a). Sellers shall be provided an opportunity to review such returns and all supporting workpapers, schedules and information, and to propose changes, not later than ten (10) Business Days prior to the filing date of such Tax Returns. The failure of Sellers to propose any changes to any such Tax Returns prior to the expiration of such ten (10) Business Day period shall be deemed to be an indication of their approval thereof

(iii) Sellers and Purchaser shall attempt in good faith mutually to resolve any disagreements regarding Tax Returns described in Section 9.2(b)(ii) prior to the due date for filing thereof Any disagreements regarding such Tax Returns which are not resolved prior to the filing thereof shall be promptly resolved pursuant to Section 9.5.

(c) Allocating Taxable Income:

(i) To the extent permitted by Applicable Law or administrative practice of any Taxing Authority, (A) the taxable year of the Transfer Group Companies shall close as of the close of business on the Closing Date and (B) any transactions (other than the transactions contemplated by this Agreement, including a Section 338(h)(10) Election) involving any of the Transfer Group Companies that are not in the Ordinary Course of Business occurring on the Closing Date but after the Closing shall be reported on Purchaser's Tax Returns to the extent permitted by Applicable Law or on the post-Closing separate company returns of the applicable Transfer Group Company (if the applicable Transfer Group Company does not file a Tax Return with Purchaser), and shall be similarly reported on all other Tax Returns of Purchaser or its Affiliates to the extent permitted. Sellers shall be responsible for all Taxes shown due on Tax Returns described in clause (A) of this Section 9.2(c) except to the extent such Tax is an Excluded Tax. Purchaser shall be responsible for all Taxes related to transactions required to be reported on Tax Returns described in clause (B) of this Section 9.2(c) and for all Excluded Taxes. Sellers, Purchaser and the Transfer Group Companies shall not take any position inconsistent with the provisions contained in Section 9.2(c) on any Tax Return.

(ii) If Applicable Law does not permit the Transfer Group Companies to close their taxable years as of the close of business on the Closing Date, or where Taxes are assessed with respect to a taxable period which includes the Closing Date but does not end on that day (a "Straddle Period"), then Taxes, if any, attributable to the taxable period of the Transfer Group Companies beginning on or before and ending after the Closing Date shall be allocated (A) to Sellers for the period up to and including the Closing Date, except to the extent any such Taxes are Excluded Taxes and (B) to Purchaser with respect to all other Taxes attributable to the Straddle Period. For purposes of allocating Taxes attributable to a Straddle Period of the Transfer Group Companies, (x) real, personal and intangible property Taxes and any other Taxes levied on a per diem basis ("Per Diem Taxes") shall be equal to the amount of such Per Diem Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is

the number of days during the Straddle Period prior to and including the Closing Date and the denominator of which is the total number of days in the Straddle Period, and (y) the Taxes of the Transfer Group Companies (other than Per Diem Taxes) for any taxable period ending on or prior to the Closing Date shall be computed as if such taxable period ended as of the close of business on the Closing Date. Any allocation of income or deductions required to determine any Taxes attributable to any Straddle Period shall be made by means of a closing of the books and records of the Transfer Group Companies as of the close of business on the Closing Date; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period.

(d) Notwithstanding anything to the contrary herein, if any Seller, on the one hand, or Purchaser, on the other hand, is responsible for all or a portion of the Taxes pursuant to Section 9.10 (after taking into account any applicable Tax Baskets) with respect to a Tax Return (the "Paying Party") that the other party is responsible for filing (or causing to be filed) pursuant to Section 9.2(a) (the "Preparing Party"), the Paying Party shall pay the amount of such Taxes for which the Paying Party is responsible to the Preparing Party no later than five (5) days prior to the filing of the underlying Tax Return. If a dispute arises (and is not resolved five (5) days prior to the filing of the Tax Return) between the Preparing Party and the Paying Party as to the Tax Return or the amount that the Paying Party owes to the Preparing Party, the Paying Party shall pay to the Preparing Party the amount that the Paying Party believes is owing to the Preparing Party, and Sellers and Purchaser shall resolve their dispute in accordance with Section 9.5. Within five (5) days following resolution of the dispute, the appropriate party shall pay to the other party any amount determined to be due upon final resolution of the dispute.

(e) Purchaser and Sellers agree to furnish or cause to be furnished to each other, and each at their own expense, as promptly as practicable, such information (including access to books and records) and assistance, including making employees available on a mutually convenient basis to provide additional information and explanations of any material provided, relating to the Transfer Group Companies as is reasonably necessary for the filing of any Tax Returns, for the preparation for any audit, and for the prosecution or defense in any Tax Proceeding relating to any adjustment or proposed adjustment with respect to Taxes. Purchaser shall retain in its possession or cause the Transfer Group Companies to retain in their possession, and shall provide Sellers reasonable access to (including the right to make copies of), such supporting books and records and any other materials that Sellers may specify with respect to matters relating to Taxes for any taxable period ending on or prior to or which includes the Closing Date until the relevant statute of limitations has expired. After such time, Purchaser may dispose of such material; provided, that prior to such disposition Purchaser shall give Sellers a reasonable opportunity to take possession of such materials.

(f) Neither Purchaser nor any Affiliate or successor of Purchaser shall (or shall cause or permit any of the Transfer Group Companies to) amend, refile or otherwise modify any Tax Return relating in whole or in part to any Transfer Group Company with respect to any

taxable year or period ending on or before the Closing Date, or which includes the Closing Date, without the prior written consent of Sellers.

9.3 Certain Other Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement, if any, shall be paid by Purchaser when due, and Purchaser shall file all necessary Tax Returns and other documentation with respect to any such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by Applicable Law, Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation and will cooperate with Purchaser to take such commercially reasonable actions as will minimize or reduce the amount of such Taxes.

9.4 Tax Audits.

(a) Sellers shall have the sole right (but not the obligation) to represent the interests of the Transfer Group Companies in any audit or administrative or court proceeding (a "Tax Proceeding") relating to Taxes for taxable periods of the Transfer Group Companies which end on or before the Closing Date and to employ counsel of its choice at its expense, provided that Purchaser shall have the right to jointly represent the interests of the Transfer Group Companies with Sellers in any such Tax Proceeding to the extent that Sellers' indemnification obligations have terminated pursuant to Section 9.10(d). Purchaser agrees that it will cooperate fully, and shall cause the Transfer Group Companies to cooperate fully, with each Seller and its counsel in the defense against or compromise of any claim in any said proceeding.

(b) Sellers have the right, but not the obligation, to jointly represent the interests of the Transfer Group Companies with the Purchaser in any Tax Proceeding relating to Taxes for any Straddle Period of the Transfer Group Companies. Any disputes regarding the conduct or resolution of any such audit or proceeding shall be resolved pursuant to Section 9.5.

(c) Purchaser shall have the sole right to represent the interests of the Transfer Group Companies in all Tax Proceedings other than Tax Proceedings described in clauses (a), (b) and (d) of this Section 9.4.

(d) Notwithstanding anything to the contrary herein,

(i) Sellers shall not be required to consult with Purchaser or seek Purchaser's consent to settle any Tax Proceeding which relates to items reported on a Tax Return of the type described in Section 9.2(a)(i), and

(ii) Sellers shall use commercially reasonable efforts not to settle any Tax Proceeding which relates to items reported on a Tax Return of the type described in Section 9.2(a)(i) in a manner that does not determine the tax liability of the Transfer Group Companies as corporations included in such Tax Return, it being the intention of the parties that any such settlement not determine the individual Tax

liability of Enron without also determining the Tax liability of the Transfer Group Companies.

(e) If any Taxing Authority asserts a claim, makes an assessment or otherwise disputes or affects any Taxes for which Sellers are responsible hereunder, Purchaser shall, promptly upon receipt by Purchaser and/or the Transfer Group Companies of notice thereof, inform Sellers thereof The failure of Purchaser or the Transfer Group Companies to timely forward such notification in accordance with the immediately preceding sentence shall not relieve Sellers of their obligation to pay such liability for Taxes except and to the extent that the failure to timely forward such notification actually prejudices the ability of Sellers to contest such liability for Taxes or increases the amount of such Taxes.

9.5 Dispute Resolution. In the event that Sellers or Purchaser dispute the application or interpretation of any provision of Sections 9.2, 9.4 and 9.9 hereof, or the amount or calculation of Taxes, if any, owed by such party thereunder, such party shall deliver to the other a statement setting forth, in reasonable detail, the nature of and/or the dollar amount of any disagreement so asserted. The parties shall attempt in good faith to resolve such dispute within twenty (20) days following the commencement of such dispute. If the parties are unable to resolve such dispute within such twenty (20) day period, the dispute shall be resolved by an Accounting Referee appointed in accordance with the procedures set forth in Schedule 2.1. The Accounting Referee shall determine, only with respect to the specific disagreements submitted in writing by Sellers and Purchaser, the manner in which such item or items in dispute should be resolved; provided, however, that the dollar amount of any such item or items shall be determined within the range of dollar amounts proposed by Sellers, on the one hand, and Purchaser, on the other hand. The Accounting Referee shall be directed to make such determination promptly, but in no event later than thirty (30) days after acceptance of its appointment. Any finding by the Accounting Referee shall be a reasoned award stating the findings of fact and conclusions of law (if any) on which it is based, shall be final and binding upon the parties and shall be the sole and exclusive remedy between the parties regarding the disputed items so presented. The fees and expenses of the Accounting Referee shall be shared by Sellers and Purchaser (A) in proportion to each party's respective liability for Taxes which are the subject of the dispute as determined by the Accounting Referee or (B) in equal proportions if the subject of the dispute involves Tax Returns for which no Taxes are due, including Tax Returns described in Section 9.2(a)(iv). The parties shall otherwise bear their own expenses incurred in any dispute resolution pursuant to this Section 9.5.

9.6 Refunds and Tax Benefits. Any refunds of Taxes (together with any interest with respect thereto) paid to or in respect of the Transfer Group Companies (including any amounts credited against income tax to which Purchaser, its Affiliates or any of the Transfer Group Companies becomes entitled) and that relate to Tax periods or portions thereof ending on or before the Closing Date shall be for the account of Sellers. Purchaser shall pay over to Sellers any such refund or the amount of any such credit (in each case, together with any interest with respect thereto) within fifteen (15) days after receipt or entitlement thereto. Any refunds or credits of Taxes (together with any interest with respect thereto) of the Transfer Group Companies for any Straddle Period shall be equitably apportioned between Sellers and

Purchaser. Purchaser shall, if Sellers so request and at Sellers' expense, prepare, execute and file any claims for refunds or credits, or cause the Transfer Group Companies to prepare, execute and file any claims for refunds or credits, to which Sellers are entitled under this Section 9.6. Purchaser shall permit Sellers to control the prosecution of any such refund.

9.7 Certain Elections.

(a) After the Closing Date, at Sellers' request, Purchaser shall cause the Transfer Group Companies to make and/or join with Sellers in making any election after the Closing Date; provided, that the making of such election does not have an adverse impact on Purchaser (or any of the Transfer Group Companies) for any post-acquisition Tax period.

(b) To the extent permitted by Law, Purchaser shall not permit the Transfer Group Companies to carry back any loss, deduction or credit to any taxable period that ends on, prior to or which includes the Closing Date.

9.8 FIRPTA. Each Seller shall furnish to Purchaser on or before the Closing Date a certification of its non-foreign status consistent with the requirements set forth in Section 1445 of the Code and the Treasury Regulations.

9.9 Allocation of Purchase Price. As soon as reasonably practicable following the Closing Date, Purchaser and Sellers shall agree upon an allocation of the Purchase Price between the equity interest of each of the applicable Transfer Group Companies and any of their assets. If Purchaser and Sellers are unable to mutually agree on such allocation within thirty (30) days after the Closing Date, the parties will resolve any such disputes using the provisions of Section 9.5.

9.10 Tax Indemnification.

(a) Sellers hereby agree to indemnify and hold Purchaser Indemnified Parties harmless (without duplication) from and against any and all Covered Taxes that (x) are imposed upon or assessed against the Transfer Group Companies or the assets or the properties thereof and (y) are not barred from recovery under the applicable statute of limitations. For purposes of this Section 9.10(a), "Covered Taxes" shall mean (without duplication):

(i) Taxes of Sellers or any Affiliate (other than a Transfer Group Company) with which Sellers or such Affiliate files a consolidated, combined or similar Tax Return imposed upon any of the Transfer Group Companies by reason of any of the Transfer Group Companies being severally liable for any Taxes of any other Person pursuant to Section 1.1502-6(a) of the Treasury Regulations or any analogous provisions of state, local or foreign law;

(ii) Taxes for which a Transfer Group Company is liable with respect to all taxable periods ending on or prior to the Closing Date (including, without limitation, such Taxes imposed upon such Transfer Group Companies by reason of the

Transfer Group Companies being severally liable for any Taxes of any other Person pursuant to Section 1.1502-6(a) of the Treasury Regulations or any analogous provisions of state, local or foreign law or arising under the principles of successor or transferee liability);

(iii) Taxes of the Transfer Group Companies for the period allocated to Sellers pursuant to Section 9.2(c); and

(iv) any Taxes relating to a Section 338(h)(10) Election or the Conversion Transactions;

provided, however, Covered Taxes shall not include (and, for avoidance of doubt, Sellers shall not be liable for and shall not indemnify or hold harmless Purchaser Indemnified Parties from or against) any Excluded Taxes. Notwithstanding the foregoing, Sellers shall not be required to indemnify the Purchaser Indemnified Parties pursuant to Section 9.10(a)(ii) or (iii) for (x) Taxes described in Section 9.10(a)(ii) or (iii) for which any Transwestern Group Company is liable until such Taxes exceed an amount equal to $5.7 million (the "TWG Tax Basket"), and then Sellers shall only be required to indemnify Purchaser Indemnified Parties for any such Taxes in excess of the TWG Tax Basket; (y) Taxes described in Section 9.10(a)(ii) or (iii) for which any Citrus Group Company is liable until such Taxes exceed $11.4 million (the "CGC Tax Basket"), and then Sellers shall only be required to indemnify Purchaser Indemnified Parties for any such Taxes in excess of the CGC Tax Basket; and (z) Taxes described in Section 9.10(a)(ii) or (iii) for which any Northern Plains Group Company is liable until such Taxes exceed $1.8 million (the "NP Tax Basket"), and then Sellers shall only be required to indemnify Purchaser Indemnified Parties for any such Taxes in excess of the NP Tax Basket.

(b) Purchaser hereby agrees to indemnify and hold harmless Seller Indemnified Parties from and against (i) any and all Taxes of the Transfer Group Companies with respect to any taxable period of the Transfer Group Companies beginning after the Closing Date (including any portion of such Taxes allocable to Purchaser pursuant to Section 9.2(c)) and (ii) any and all Excluded Taxes.

(c) Without duplication, Sellers shall indemnify and hold harmless Purchaser Indemnified Parties from and against any and all Losses (i) incurred in connection with the Taxes for which Sellers are responsible to indemnify Purchaser Indemnified Parties pursuant to Section 9.10(a) or the enforcement of Section 9.10(a) and this Section 9.10(c) and/or (ii) incurred as a result of a breach by Sellers of any covenant contained in this Article IX and/or (iii) incurred as a result of a breach by Sellers of any representation or warranty in Section 4.14(g)(ii) (determined without regard to whether such representation or warranty survives the Closing) or any covenant in Section 6.16, provided that any payments made pursuant to clause (iii) of this Section 9.10(c) shall not exceed, in the aggregate, $400,000,000. Without duplication. Purchaser shall indemnify and hold harmless Seller Indemnified Parties from and against any and all Losses (i) incurred in connection with the Taxes for which Purchaser is responsible to indemnify Seller Indemnified Parties pursuant to Section 9.10(b) or the enforcement of Section

9.10(b) and this Section 9.10(c) and/or (ii) incurred as a result of a breach by Purchaser of any of the covenants contained in this Article IX.

(d) Notwithstanding anything contained herein to the contrary, Sellers' obligation to indemnify Purchaser Indemnified Parties for any Taxes and Losses pursuant to this Section 9.10 shall terminate upon the earlier of (i) the expiration of the applicable statute of limitations with respect to the underlying Tax and (ii) the closing of the Bankruptcy Cases.

9.11 Employee Benefits Indemnification. Sellers hereby agree to indemnify and hold the Purchaser Indemnified Parties harmless from and against any and all Losses that are imposed upon or assessed against a Transfer Group Company or the assets thereof (i) arising under Title IV of ERISA and relating to the Cash Balance Plan, the EFS Pension Plan, the San Juan Gas Pension Plan, the Garden State Paper Pension Plan, the Portland General Electric Company Pension Plan or any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA sponsored by Sellers or their ERISA Affiliates, (ii) due to "participating employer" or "participating company" status in the Enron Corp. Savings Plan, the Enron Corp. Employee Stock Ownership Plan, or the Cash Balance Plan or due to the participation of the Transfer Group Company employees or former employees in such plans (other than claims that, after the Closing Date, any Transfer Group Company failed to make normal and customary contributions required under the express terms of the foregoing plans, other than the Cash Balance Plan); or (iii) relating to any group health or insurance plans sponsored or maintained by Sellers or any ERISA Affiliate other than any Transfer Group Company with respect to any termination of any such plans arising under Section 4980B of the Code; provided, that such Losses are not barred from recovery from any of the Transfer Group Companies under the relevant statute of limitations; and provided, further, except with respect to the Cash Balance Plan (as provided in Section 6.14(c)), that the indemnity set forth in this Section 9.11 shall not affect the obligation of the Transfer Group Companies to make payments pursuant to any Order of the Bankruptcy Court, the Contribution Agreement, the Transition Services Agreement or any other agreement, including without limitation, the agreement set forth in Section 5.6(b) of the Contribution Agreement, between any of Sellers, on one hand, and the Transfer Group Companies, on the other hand, relating to the allocation of costs of providing employee benefits to the employees of the Transfer Group Companies.

9.12 TGS-Related Indemnification. Purchaser shall provide Sellers with prompt written notice (the "Communication Notice") of any actual receipt of written communication by, or any oral communication to, Purchaser, Transwestern or any other Transfer Group Companies from TGS, Enron Pipeline Company-Argentina, S.A. ("EPCA"), any direct or indirect stakeholder in TGS if such communication is in relation to TGS, or the Argentine government with respect to TGS. Regardless of whether Sellers have received a Communication Notice, Sellers shall have the right to request in writing (a "Performance Notice") that Purchaser cause Transwestern to perform services or take actions with respect to TGS or EPCA relating to or associated with (a) any correspondence prior to the date of this Agreement between Transwestern and ENARGAS, including the letters dated as of (i) November 3, 1992, November 4, 1992 and November 9, 1992 from Transwestern to the Privatization Committee of Gas del Estado; (ii) November 4, 1992 from Enron, EPCA and Transwestern to the Privatization

Committee of Gas del Estado; (iii) November 4, 1992 from EPCA, Transwestern, Perez Companc and Citicorp Equity Investments S.A. to the Privatization Committee of Gas del Estado; and (iv) July 4, 1994, from EPCA and Transwestern to ENARGAS (such letters, together with the letter set forth in clause (a) above, the "TGS Letters"). Purchaser shall cause Transwestern to perform such services or take such actions promptly upon the receipt of such Performance Notice, and shall cause Transwestern to perform in a reasonably prudent manner and in accordance with natural gas pipeline industry standards in the United States (the "Performance Standard"). Sellers hereby agree to indemnify and hold Purchaser and the CrossCountry Indemnified Parties (as defined in the Contribution Agreement) harmless from and against (x) any and all Losses arising from a third party claim against Purchaser or any CrossCountry Indemnified Party or the assets thereof arising as a result of or relating to Sellers' direct or indirect investment or ownership interest in TGS, including as a result of a breach by Enron or any of its Affiliates of any TGS Letter or any TGS Agreement to which Enron or any such Affiliate is bound, but not to the extent such claim arises from any action or inaction by Transwestern, except as provided in clause (y) of this sentence, and (y) if Transwestern has performed the services and actions requested by a Performance Notice in accordance with the Performance Standard, (A) the reasonable expenses of Transwestern for such performance, upon the receipt by Sellers of a reasonably detailed invoice and reasonably supported documentation from Purchaser relating to such performance and (B) any and all Losses arising from a third party claim against Purchaser or any CrossCountry Indemnified Party or the assets thereof relating to such performance; provided, however, that Sellers shall have no obligation to indemnify pursuant to this Section 9.12 for any Losses relating to or arising from circumstances in which Purchaser fails to provide Sellers with a Communication Notice pertaining to such circumstances when required to do so. Purchaser shall indemnify and hold the Seller Indemnified Parties harmless from and against any and all Losses incurred by a Seller Indemnified Party or assessed against the assets thereof arising as a result of (w) the failure of Purchaser to provide Sellers with a Communication Notice when required to do so, (x) Transwestern's refusal or failure to perform services or actions set forth in a Performance Notice promptly following receipt of such Performance Notice, (y) performance pursuant to any Performance Notice which is not in accordance with the Performance Standard or (z) Transwestern's election to perform services or take any action in the absence of a Performance Notice or to perform services or take actions in addition to those specified in any Performance Notice.

9.13 Amendment to the Contribution Agreement. On or immediately prior to the Closing Date, Sellers shall amend the Contribution Agreement to delete Sections 8.2, 8.3 and 8.4 and any other existing provisions in the Contribution Agreement relating to any obligation of Sellers to indemnify any of the Transfer Group Companies for Losses related to Taxes, employee benefits or TGS (it being agreed that indemnification for all such matters relating to the Transfer Group Companies shall be governed solely by this Article IX).

9.14 Coordination of Provisions. In the case of any inconsistency between Articles IX and X, Article IX shall control with respect to Tax, employee benefits and TGS matters; provided, that Sections 10.2(b), 10.2(c), 10.2(f), 10.2(g), 10.2(h), 10.2(i), 10.2(j), 10.3(b), 10.3(c), 10.3(f), 10.4, 10.5 and 10.6 shall apply to Article IX; provided, further, that,

with respect to any Tax matters, in the case of any conflict between Sections 9.4 or 9.5 on the one hand and Section 10.4 on the other hand, Sections 9.4 and 9.5 shall control.

9.15 Citrus Group Companies. Notwithstanding anything herein to the contrary, for purposes of allocating responsibility for Taxes and determining rights to Tax refunds or credits relating to any Citrus Group Company (collectively referred to as "Pro Rata Tax Payments") pursuant to this Article IX, the parties hereto shall be responsible for paying only the portion of any such Pro Rata Tax Payment equal to the product of (A) fifty percent (50%) and (B) the amount of such Pro Rata Tax Payment.

ARTICLE X

INDEMNIFICATION

10.1 Survival of Representations, Warranties, Covenants and Agreements. Subject to the limitations and other provisions of this Agreement:

(a) The representations and warranties of Sellers and Purchaser contained in this Agreement, and the covenants and agreements of Sellers and Purchaser contained in this Agreement which by their terms are required to be performed on or before the Closing (the "Pre-Closing Covenants"), shall survive the Closing and shall remain in full force and effect until the later of (i) June 30, 2005 and (ii) the date that is six (6) months after the Closing Date; provided, however, that the representations and warranties contained in Section 4.14 shall not survive the Closing (it being agreed that all indemnification for Tax matters shall be governed solely by Article IX, except to the extent otherwise provided in Section 9.14).

(b) Each covenant and agreement of Sellers and Purchaser contained in this Agreement which by its terms requires performance after the Closing Date (a "Post-Closing Covenant") shall survive the Closing and shall remain in full force and effect until such covenant or agreement is fully performed.

10.2 Seller Indemnification.

(a) Subject to the provisions of this Article X, and except as otherwise provided in Article IX, from and after the Closing Date, Sellers agree, severally and not jointly, and in the case of Enron severally and jointly, to indemnify the Purchaser Indemnified Parties against and hold them harmless from any and all Losses actually suffered or incurred by them arising out of the following:

(i) the breach of any representation or warranty of Sellers contained in this Agreement; provided, however, that in determining whether Sellers are liable pursuant to this Section 10.2(a)(i) for any breach of any representation or warranty contained in Section 4.7 of this Agreement, the qualification of any such representation or warranty by reference to materiality, including any reference to the qualification "Seller Material Adverse Effect" or "Transfer Group Material Adverse Effect" shall be

disregarded and the determination of whether any such representation or warranty has been breached shall be made without regard to any such qualification or whether such breach is material or constitutes a Seller Material Averse Effect or Transfer Group Material Adverse Effect. Notwithstanding the foregoing, for the purposes of this Section 10.2(a)(i), no representation or warranty in Section 4.7 containing a qualification by reference to materiality, including any reference to "Seller Material Adverse Effect" or "Transfer Group Material Adverse Effect," shall be considered to have been breached unless the Losses to the Purchaser Indemnified Parties resulting from such breach exceed $7,500,000 (the "Individual Basket Amount") per individual breach (or series of related breaches arising out of the same event) of such representation or warranty; provided that, once such Losses for such individual breach (or series of related breaches arising out of the same event) of such representation or warranty equal or exceed the Individual Basket Amount, subject to the other limitations in this Article X (including, without limitation, satisfaction of the Basket Amount set forth in Section 10.2(d)), Sellers shall be liable to the Purchaser Indemnified Parties for the entire amount of such Losses in excess of the Basket Amount (for the avoidance of doubt, each individual breach, or series of related breaches arising out of the same event, of a representation or warranty shall be separately applied towards the Individual Basket Amount and such individual breaches, or series of related breaches arising out of the same event, shall not be aggregated with other breaches for purposes of determining whether the Individual Basket Amount has been reached);

(ii) the breach of any Pre-Closing Covenant by Sellers; or

(iii) the breach of any Post-Closing Covenant by Sellers;

(b) Sellers shall not be required to indemnify any Purchaser Indemnified Party pursuant to this Section 10.2 or Sections 9.10, 9.11 or 9.12 to the extent otherwise indemnifiable Losses or claims pursuant to this Section 10.2 or Sections 9.10, 9.11 or 9.12 (i) resulted from fraud, gross negligence, bad faith or willful misconduct of Purchaser or (ii) have resulted in a reduction in the Purchase Price pursuant to the purchase price adjustment provisions in this Agreement.

(c) No claim may be asserted nor may any action be commenced against Sellers pursuant to this Section 10.2(a) or Sections 9.10, 9.11 or 9.12 for breach of any representation or warranty, Pre-Closing Covenant or Post-Closing Covenant or a claim pursuant to Sections 9.10, 9.11 or 9.12, unless written notice of such claim or action (satisfying the requirements of Section 10.4) is received by Sellers on or prior to the date on which the representation or warranty, Pre-Closing Covenant or Post-Closing Covenant on which such claim or action, or claim pursuant to Sections 9.10, 9.11 or 9.12, is based ceases to survive as set forth in, as applicable, Sections 9.10, 9.11, 9.12 or 10.1.

(d) No claim may be made against Sellers for indemnification pursuant to Sections 10.2(a)(i) and 10.2(a)(ii) unless the aggregate amount of all Losses of the Purchaser

Indemnified Parties upon which valid claims are based pursuant to such sections shall exceed an amount equal to $15,000,000 (the "Basket Amount"), and then Sellers shall only be responsible for indemnification of Losses in excess of the Basket Amount.

(e) The amounts paid by all Sellers for indemnification of Losses under this Agreement pursuant to Sections 10.2(a)(i) and 10.2(a)(ii) shall be limited to, in the aggregate, an amount equal to $50,000,000 (the "Indemnification Cap"), with each Seller limited to an amount equal to the product of its Percentage Interest multiplied by the Indemnification Cap.

(f) With respect to any successful claims for indemnification by the Purchaser Indemnified Parties under this Agreement, each Seller shall only be liable for and obligated to pay an amount equal to the product of its Percentage Interest multiplied by the amount of Losses (including Taxes) for which Sellers are obligated to pay to the Purchaser Indemnified Parties hereunder,

(g) No claim may be asserted nor may any action be commenced against Sellers pursuant to this Section 10.2 or Sections 9.10, 9.11 or 9.12 for breach of any representation or warranty, Pre-Closing Covenant or Post-Closing Covenant or claim pursuant to Sections 9.10, 9.11 or 9.12 to the extent that (i) Purchaser had a reasonable opportunity, but failed, in good faith to mitigate the Loss including, but not limited to, the failure to use commercially reasonable efforts to recover under a policy of insurance or under a contractual right of set-off or indemnity, or (ii) such Loss arises from or was caused by actions taken or failed to be taken by Purchaser or any of its Affiliates after the Closing.

(h) All claims for indemnification made by Purchaser in accordance with this Section 10.2 or Sections 9.10, 9.11 or 9.12 shall, to the extent due and payable, be treated as an allowed administrative expense claim (to the extent agreed upon or ordered by the Bankruptcy Court on a final non-appealable basis) under section 503(b)(1)(A) of the Bankruptcy Code against the applicable Sellers.

(i) Notwithstanding anything to the contrary contained herein or in any Transaction Document, (1) Sellers shall have no obligation or liability under this Agreement or the Transaction Documents for any Losses (including Taxes) incurred by Purchaser or its Affiliates that have been or will be indemnified by Sellers under the Contribution Agreement, and (2) the amounts paid by all Sellers for indemnification under this Agreement, the Citrus Trading Gas Contract Indemnification Agreement, the Transaction Documents and the Contribution Agreement shall in no event exceed, in the aggregate, the Purchase Price, with each Seller limited to an amount equal to the product of its Percentage Interest multiplied by the Purchase Price.

(j) Notwithstanding anything herein to the contrary, each Purchaser Indemnified Party shall only be entitled to indemnification pursuant to Article IX or this Article X for that percentage of a Loss (including Taxes) suffered by a Citrus Group Company or Northern Border Company to the extent of Sellers' indirect equity interest percentage as of the Closing Date in such Citrus Group Company or Northern Border Company.

10.3 Purchaser Indemnification.

(a) Subject to the provisions of this Article X, and except as otherwise provided in Article IX, Purchaser agrees from and after the Closing Date to indemnify the Seller Indemnified Parties against and hold them harmless from any and all Losses actually suffered or incurred by them arising out of:

(i) the breach of any representation or warranty of Purchaser contained in this Agreement;

(ii) the breach of any Pre-Closing Covenant by Purchaser; or

(iii) the breach of any Post-Closing Covenant by Purchaser.

(b) Purchaser shall not be required to indemnify any Seller Indemnified Party pursuant to this Section 10.3 or Sections 9.10 or 9.12 to the extent any such Losses or claims pursuant to Sections 9.10 or 9.12 resulted from fraud, gross negligence, bad faith or willful misconduct of Sellers.

(c) No claim may be asserted nor may any action be commenced against Purchaser pursuant to clause (i) or (ii) of Section 10.3(a) or Sections 9.10 or 9.12 for breach of any representation or warranty, Pre-Closing Covenant or Post-Closing Covenant or claim pursuant to Sections 9.10 or 9.12, unless written notice of such claim or action (satisfying the requirements of Section 10.4) is received by Purchaser on or prior to the date on which the representation or warranty, Pre-Closing Covenant or Post-Closing Covenant on which such claim or action, or claims pursuant to Sections 9.10 or 9.12, is based ceases to survive as set forth in, as applicable, Sections 9.10, 9.12 or 10.1.

(d) No claim may be made against Purchaser for indemnification pursuant to Sections 10.3(a)(i) and 10.3(a)(ii) (except with respect to indemnification for breaches of Sections 6.1 and 6.16) unless the aggregate amount of all Losses of the Seller Indemnified Parties upon which valid claims are based pursuant to such sections shall exceed an amount equal to the Basket Amount, and then Purchaser shall only be responsible for indemnification of Losses in excess of the Basket Amount.

(e) The amounts paid by Purchaser for indemnification of Losses under this Agreement pursuant to Sections 10.3(a)(i) and l0.3(a)(ii) (except with respect to indemnification for breaches of Sections 6.1 and 6.16) shall be limited to, in the aggregate, an amount equal to the Indemnification Cap.

(f) The amounts paid by Purchaser for indemnification of Losses under this Agreement and the Transaction Documents shall in no event exceed, in the aggregate, the Purchase Price.

10.4 Procedures.

(a) A Purchaser Indemnified Party or a Seller Indemnified Party, as the case may be (for purposes of this Section 10.4, an "Indemnified Party"), shall give the indemnifying party under Sections 9.10, 9.11, 9.12, 10.2 or 10.3, as applicable (for purposes of this Section 10.4, an "Indemnifying Party"), prompt written notice of any matter which it has in good faith determined has given rise to a right of indemnification under this Agreement (the "Indemnity Notice"), stating the amount of the Loss, if known, and method of computation thereof, if practicable, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided that the Indemnified Party's failure to provide timely notice as provided herein shall not reduce the indemnification obligations of the Indemnifying Party except to the extent that the Indemnifying Party is materially harmed by such failure to provide notice. If an Indemnifying Party notifies an Indemnified Party within the Dispute Period that it disputes its liability with respect to the claim described in the Indemnity Notice, an Indemnifying Party and an Indemnified Party shall proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved in accordance with the provisions of Section 12.5.

(b) An Indemnified Party shall also give prompt written notice of any pending claim or demand by a third party (the "Third Party Claim Notice") to the Indemnifying Party that the Indemnified Party has in good faith determined will likely give rise to a right of indemnification under this Agreement (a "Third Party Claim"), describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or demand. If an Indemnified Party fails to provide the Third Party Claim Notice with reasonable promptness after an Indemnified Party receives notice of such Third Party Claim, an Indemnifying Party shall still be obligated to indemnify an Indemnified Party with respect to such Third Party Claim, except to the extent that an Indemnifying Party's ability to defend the relevant claim has been materially prejudiced by such failure of an Indemnified Party. The Indemnifying Party shall have the right, at its sole option and expense, to be represented by counsel of its choice and to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder. If the Indemnifying Party elects to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder, it shall within the Dispute Period, or if there is a dispute, then within the Resolution Period, notify the Indemnified Party of its intent to do so. If the Indemnifying Party elects not to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder, the Indemnified Party may defend against, negotiate, settle or otherwise deal with such Third Party Claim. If the Indemnifying Party shall assume the defense of any Third Party Claim, the Indemnified Party may participate in, at his or its own expense, but not control, the defense of such Third Party Claim; provided, however, that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) so requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnified Party, a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; provided, further, that the Indemnifying Party shall not be required to pay for more than one such counsel for all Indemnified Parties in connection

with any Third Party Claim. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Third Party Claim. Notwithstanding anything in this Section 10.4 to the contrary, neither the Indemnifying Party nor the Indemnified Party shall, without the written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned, settle or compromise any Third Party Claim or permit a default judgment or consent to entry of any judgment unless the claimant and such party provide to such other party an unqualified release from all liability in respect of the Third Party Claim. Notwithstanding the foregoing, if a settlement offer solely for money damages is made by the applicable third party claimant, and the Indemnifying Party notifies the Indemnified Party in writing of the Indemnifying Party's willingness to accept the settlement offer and, subject to the applicable limitations of Sections 9.10, 9.11, 9.12, 10.2 and 10.3, pay the amount called for by such offer, and the Indemnified Party declines to accept such offer, the Indemnified Party may, at its own expense, continue to contest such Third Party Claim, free of any participation by the Indemnifying Party, and the amount of any ultimate liability with respect to such Third Party Claim that the Indemnifying Party has an obligation to pay hereunder shall, subject to the Indemnification Cap and other limits set forth in Sections 9.10, 9.11, 9.12, 10.2 and 10.3, be limited to the lesser of (A) the amount of the settlement offer that the Indemnified Party declined to accept or (B) the aggregate Losses of the Indemnified Party with respect to such Third Party Claim, subject, in each case, to the limitations set forth in Sections 9.10, 9.11, 9.12, 10.2 and 10.3. If the Indemnifying Party makes any payment on any Third Party Claim or other claim hereunder, the Indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies of the Indemnified Party to any insurance benefits or other claims of the Indemnified Party with respect to such Third Party Claim or other claim hereunder.

(c) After any final decision, judgment or award shall have been rendered in accordance with Section 12.5 and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement with respect to a Third Party Claim or other claim hereunder, the Indemnified Party shall forward to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter.

10.5 Tax Treatment of Indemnity Payments. To the extent permitted by Applicable Law, Sellers and Purchaser agree to treat any indemnity payment made pursuant to Article IX or this Article X as an adjustment to the Purchase Price for federal, state, local and foreign income Tax purposes.

10.6 Remedies. From and after the Closing, the provisions of Article IX, this Article X and Sections 6.1, 6.6 and 6.16 shall be the sole and exclusive remedy of each party hereto for any breach of the other party's representations or warranties, covenants or agreements contained in this Agreement, including any breach of the other party's Pre-Closing Covenants or Post-Closing Covenants.

ARTICLE XI

DEFINITIONS

11.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 11.1:

"Accounting Referee" shall have the meaning set forth on Schedule 2.1.

"Action" means any action, suit, arbitration, claim, inquiry, proceeding or investigation by or before any Governmental Authority of any nature, civil, criminal, regulatory or otherwise, in law or in equity.

"Actual Conversion Tax Liability" means the aggregate amount of liability for Taxes of the Sellers and their Affiliates for the taxable years which (i) end on or include the date of the Conversion Transactions (the "Conversion Year"), (ii) end on or include the Closing Date (the "Closing Year") and (iii) succeed the Conversion Year and precede the Closing Year.

"Additional Deposit Amount" shall have the meaning set forth in Section 2.2(a).

"Additional Letters of Credit" shall have the meaning set forth in Section 2.2(a).

"Affiliate" (and, with a correlative meaning "affiliated") means, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise).

"Affiliate Contracts" shall have the meaning set forth in Section 4.11(b).

"Agreement" shall have the meaning set forth in the recitals hereto.

"Alternative Transaction" shall have the meaning set forth in Section 6.4(b).

"Applicable Law" means, with respect to any Person, any Law applicable to such Person or its business, properties or assets.

"Approval Order" shall have the meaning set forth in Section 7.1(b).

"Auburndale Settlement Agreement" means the Settlement Agreement described in Item 5 of Schedule 4.8(a).

"Auction" means the auction for the sale of the Equity Interest, the equity interests of any of the Transfer Group Companies or all or substantially all of the assets of Transwestern, as contemplated by the Bidding Procedures Order.

"Auction Termination Date" shall mean the earlier of (i) the date of the entry of the Approval Order and (ii) the date which is eighty (80) days after the entry of the Bidding Procedures Order.

"Balance Sheet Date" shall have the meaning set forth in Section 4.6(a).

"Balance Sheets" shall have the meaning set forth in Section 4.6(a).

"Bankruptcy Cases" means the chapter 11 cases commenced by Enron and certain of its direct and indirect subsidiaries, including EOS and ETS, on or after December 2, 2001 (including any case commenced after the date of this Agreement), jointly administered under Case No. 01-16034-(AJG).

"Bankruptcy Code" means title 11 of the United States Code, as amended.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York or any other court having jurisdiction over the Bankruptcy Cases from time to time.

"Basket Amount" shall have the meaning set forth in Section 10.2(d).

"Beginning Working Capital" shall have the meaning set forth on Schedule 2.1.

"Benefit Arrangement" shall have the meaning set forth in Section 4.13(b).

"Bidding Procedures Motion" means the motion to be filed by the applicable Sellers with the Bankruptcy Court seeking, among other things, to obtain approval of the Bidding Procedures Order.

"Bidding Procedures Order" means an Order of the Bankruptcy Court, substantially in the form attached hereto as Exhibit A.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

"Capital Markets Event" means a material disruption in the markets for debt financing (which will be deemed to exist only if substantially all successful lending, underwriting, placement or syndication activity with respect to such debt financing has ceased or been suspended).

"Capital Stock Agreement" means the Capital Stock Agreement, dated as of June 30, 1986, among Sonat, Inc., a Delaware corporation, Internorth, Inc., a Delaware corporation, Houston Natural Gas Corporation, a Texas corporation, and Citrus, as amended by that certain letter agreement, dated as of April 3, 2000, among Enron, El Paso Corporation and Citrus, as modified by the Order of the Bankruptcy Court, dated December 1, 2003, approving the assignment and assumption of the Capital Stock Agreement to the Company.

"Cash Balance Plan" shall have the meaning set forth in Section 4.13(h).

"CES" shall have the meaning set forth in the recitals hereto.

"CGC Tax Basket" shall have the meaning set forth in Section 9.10(a).

"Citrus" shall have the meaning set forth in the recitals hereto.

"Citrus Group Companies" means Citrus, Citrus Energy Services, Inc., Citrus Trading, Florida Gas and each of their respective subsidiaries.

"Citrus Trading" means Citrus Trading Corp.

"Citrus Trading Contribution Amount" shall have the meaning set forth on Schedule 2.1.

"Citrus Trading Gas Contracts" shall have the meaning set forth in Section 6.15(a).

"Claim" shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

"Closing" shall have the meaning set forth in Section 3.1.

"Closing Date" shall have the meaning set forth in Section 3.1.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commitment Letters" means, collectively, the commitment letters referred to in paragraphs (a)-(d) of Section 5.6.

"Communication Notice" shall have the meaning set forth in Section 9.12.

"Communications Act" means the Communications Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Company" shall have the meaning set forth in the recitals hereto.

"Confidentiality Agreements" shall have the meaning set forth in Section 6.6(a).

"Contract" means any written contract, indenture, note, bond, loan, instrument, lease, commitment or other agreement.

"Contribution Agreement" means the Amended and Restated Contribution and Separation Agreement, dated as of March 31, 2004, among Sellers, the Company, CrossCountry Citrus Corp. and CrossCountry Energy Corp.

"Conversion Transactions" shall have the meaning set forth in Section 6.16(a)(i).

"Covered Taxes" shall have the meaning set forth in Section 9.10(a).

"Creditors' Committee" means the official committee of unsecured creditors of Enron Corp. *et al.* appointed in connection with the Bankruptcy Cases.

"Current Assets" shall have the meaning set forth in Annex A to Schedule 2.1.

"Current Liabilities" shall have the meaning set forth in Annex A to Schedule 2.1.

"Deposit Amount" shall have the meaning set forth in Section 2.2(a).

"Deposit Escrow Agent" shall have the meaning set forth in Section 2.2(a).

"Deposit Escrow Agreement" shall have the meaning set forth in Section 2.2(a).

"DIP Agreement" means the Amended and Restated Revolving Credit and Guaranty Agreement, dated as of July 10, 2002, among Enron, as Borrower, the subsidiaries of the Borrower party thereto, as Guarantors, the DIP Lenders party thereto, Citicorp USA, Inc., as Paying Agent and Co-Administrative Agent, and JPMorgan Chase, as Collateral Agent and Co-Administrative Agent, as amended.

"Disclosure Statement" means the Disclosure Statement for the Plan, including all exhibits, supplements, appendices and schedules thereto, as approved by the Bankruptcy Court pursuant to an order entered under Section 1125 of the Bankruptcy Code.

"Dispute Period" shall mean the period ending twenty (20) days following receipt by an Indemnifying Party of either a Third Party Claim Notice or an Indemnity Notice.

"Disputed Item" shall have the meaning set forth on Schedule 2.1.

"Distribution" shall mean a distribution of the Equity Interest (or a transaction that has a similar effect) pursuant to the Plan.

"DOJ" shall have the meaning set forth in Section 6.3(b).

"Duke Litigation" means *Citrus Trading Corp. v. Duke Energy LNG Sales, Inc.*, Civil Action No. H-03-4869, in the United States District Court for the Southern District of Texas, Houston Division.

"Employee Benefit Plans" shall have the meaning set forth in Section 4.13(a).

"ENA Litigation" means any litigation initiated by Citrus Trading against Enron North America Corp. arising out of Enron North America Corp.'s performance or failure to perform as contract operator of Citrus Trading or by Citrus against Enron arising out of Enron's performance or failure to perform as contract operator of Citrus.

"ENARGAS" means the *Ente Nacional Regulador de Gas,* a regulatory agency of the Argentine government.

"Enron" shall have the meaning set forth in the recitals hereto.

"Environmental Law" means all Applicable Laws in effect on the date of this Agreement relating to the environment, natural resources or the protection thereof, including but not limited to any applicable provisions of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, the Clean Water Act, 33 U.S.C. § 1251 *et seq.*, the Clean Air Act, 42 U.S.C. § 7401 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 *et seq.*, and the Oil Pollution Act of 1990, 33 U.S.C. §2701 *et seq.*, and the regulations promulgated pursuant thereto, and all analogous state or local statutes.

"EOC" shall have the meaning set forth in the recitals hereto.

"EOS" shall have the meaning set forth in the recitals hereto.

"EPCA" shall have the meaning set forth in Section 9.12.

"Equity Interest" shall have the meaning set forth in the recitals hereto.

"ERISA" shall have the meaning set forth in Section 4.13(a).

"ERISA Affiliate" means, with respect to any entity, any trades or businesses (whether or not incorporated) that are under control of, or that are treated as a single employer with, such entity under Sections 414(b), (c), (m) or (o) of the Code or Sections 400l(a)(14)(A) or (B) of ERISA.

"Estimated Closing Statement" shall have the meaning set forth on Schedule 2.1.

"Estimated Purchase Price Adjustment" shall have the meaning set forth on Schedule 2.1.

"Estimated Working Capital" shall have the meaning set forth on Schedule 2.1.

"ETS" shall have the meaning set forth in the recitals hereto.

"Excess Conversion Tax Liability" means the excess, if any, of the Actual Conversion Tax Liability minus the Hypothetical Non-Conversion Tax Liability.

"Exchange Act" shall have the meaning set forth in Section 4.6(b).

"Excluded Taxes" means (i) any liability for Taxes resulting from transactions or actions (other than the transactions contemplated by this Agreement, including a Section 338(h)(10) Election) out of the ordinary course of business taken by Purchaser or any Affiliate (including the Transfer Group Companies) or any transferee of Purchaser or any of its Affiliates on the Closing Date but after the Closing; (ii) any interest or penalties attributable to the untimely filing of a Tax Return described in Section 9.2(a)(iii); (iii) any liability for Taxes that are taken into account in determining the Final Purchase Price Adjustment in accordance with Schedule 2.1; and (iv) any liability for Taxes described in Section 9.3.

"FCC" means the Federal Communications Commission.

"FERC" means the Federal Energy Regulatory Commission.

"Final Citrus Trading Capital Contribution Amount" shall have the meaning set forth on Schedule 2.1.

"Final Closing Statement" shall have the meaning set forth on Schedule 2.1.

"Final Northern Capital Contribution Amount" shall have the meaning set forth on Schedule 2.1.

"Final Order" means that the Approval Order has been entered by the Bankruptcy Court and that the time to appeal or petition for certiorari or to move for modification or rehearing has expired and no timely appeal or petition for certiorari or motion for modification or rehearing shall then be pending, or if a timely appeal or writ of certiorari or motion for modification or rehearing thereof has been sought, that the Approval Order shall have been affirmed by the highest court to which such Approval Order was appealed, or certiorari shall have been denied or reargument or rehearing on remand shall have been denied or resulted in no material modification of such Approval Order, and the time to take any further appeal, petition for certiorari, or move for modification of such Approval Order, or move for reargument or rehearing shall have expired; provided, however that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or

other rules governing procedure in cases before the Bankruptcy Court may be filed with respect to such Approval Order shall not cause such Approval Order not to be final.

"Final Purchase Price Adjustment" shall have the meaning set forth on Schedule 2.1.

"Final Working Capital" shall have the meaning set forth on Schedule 2.1.

"Financial Statements" shall have the meaning set forth in Section 4.6(a).

"Financing" means the equity and debt financing for the transactions contemplated by this Agreement to be obtained by Purchaser as described in the Commitment Letters.

"Financing Sources" means, collectively, Southern Union Company, Southern Union Panhandle LLC, JPMorgan Chase Bank, JPMorgan Securities, Inc., Merrill Lynch Capital Corp. and Merrill Lynch, Pierce, Fenner & Smith Inc. and General Electric Capital Corporation.

"Florida Gas" means Florida Gas Transmission Company.

"FTC" shall have the meaning set forth in Section 6.3(b).

"General Electric Capital Corporation" means General Electric Capital Corporation, a Delaware corporation.

"GAAP" means United States generally accepted accounting principles as in effect during the time period of the relevant financial statement.

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to United States federal, state or local government, including any governmental authority, agency, department, board, commission or instrumentality or any political subdivision thereof, and any tribunal, court or arbitrator(s) of competent jurisdiction, and shall include the Bankruptcy Court.

"Guaranteed Indebtedness" shall have the meaning set forth in Section 6.12.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Hypothetical Non-Conversion Tax Liability" means the sum of the hypothetical federal, state local and foreign Taxes of Sellers and their Affiliates calculated in the same manner and with respect to the same taxable years as the Actual Conversion Tax Liability; provided that for purposes of this calculation, it shall be presumed that (i) the Conversion Transactions were

not effected, and (ii) a valid Section 338(h)(10) Election was made for each of the H-b Companies in respect of the sale pursuant to Article I hereof.

"H-10 Companies" means each of CrossCountry Citrus Corp., Transwestern Holding Company, Inc., Transwestern, Northern Plains, Pan Border Gas Company and NBP Services.

"Indemnification Cap" shall have the meaning set forth in Section 10.2(f).

"Indemnified Party" shall have the meaning set forth in Section 10.4(a).

"Indemnifying Party" shall have the meaning set forth in Section 10.4(a).

"Indemnity Notice" shall have the meaning set forth in Section 10.4(a).

"Individual Basket Amount" shall have the meaning set forth in Section 10.2(a).

"Initial Letters of Credit" shall have the meaning set forth in Section 2.2(a).

"IRS" means the United States Internal Revenue Service.

"Law" means any federal, state or local law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued or entered by a Governmental Authority.

"Leased Real Property" shall have the meaning set forth in Section 4.9(b).

"Letters of Credit" shall have the meaning set forth in Section 2.2(a).

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, transfer restriction under any shareholder or similar agreement or encumbrance.

"Losses" means any and all liabilities, losses, damages, claims, reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys', accountants' or other fees and expenses incurred in defending any Action or in investigating any of the same or in asserting any rights hereunder) actually suffered or incurred by a Person, but not including consequential, exemplary, special and punitive damages and lost profits.

"Material Contracts" shall have the meaning set forth in Section 4.11(a).

"May 27 Motion" means the Motion Pursuant To Sections 105 And 363 Of The Bankruptcy Code And Rules 2002, 6004, 9013 And 9014 Of The Federal Rules Of Bankruptcy Procedure For An Order Authorizing And Approving (A) The Entry Into And The Terms And Conditions Of A Purchase And Sale Agreement By And Among Enron Corp., Enron Operations

Services, LLC, Enron Transportation Services, LLC And EOC Preferred, L.L.C. And NuCoastal, LLC For The Sale Of All Of The Issued And Outstanding Membership Interests Of CrossCountry Energy, LLC Free And Clear Of All Liens And Claims And (B) The Consummation Of The Transactions Contemplated Therein (docket no. 18715) filed on May 27, 2004 in the Bankruptcy Cases.

"Modifying Order" shall have the meaning set forth in Section 3.2(g).

"NBI" shall have the meaning set forth in Section 4.5(d).

"NBP Services" shall have the meaning set forth in the recitals hereto.

"Northern Border" shall have the meaning set forth in Section 4.5(d).

"Northern Border Companies" means Northern Border, NBI, Northern Border Pipeline Company, a Texas general partnership, Crestone Energy Ventures, L.L.C., a Delaware limited liability company, Bear Paw Investments, LLC, a Delaware limited liability company, Bear Paw Energy, LLC, a Delaware limited liability company, Border Midwestern Company, a Delaware corporation, Midwestern Gas Transmission Company, a Delaware corporation, Border Viking Company, a Delaware corporation, and Viking Gas Transmission Company, a Delaware corporation.

"Northern Border Distribution" shall have the meaning set forth in Section 6.11.

"Northern Border Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Northern Border Partners, L.P., dated as of October 1, 1993, by and among NBI, Pan Border Gas Company and Northwest Border Pipeline Company.

"Northern Border SEC Reports" shall have the meaning set forth in Section 4.6(b).

"Northern Capital Contribution" shall have the meaning set forth on Schedule 2.1.

"Northern Capital Contribution Amount" shall have the meaning set forth

on Schedule 2.1.

"Northern Plains" shall have the meaning set forth in the recitals hereto.

"Northern Plains Group Companies" means Northern Plains, Pan Border Gas Company, Northern Border Pipeline Corporation and any of their respective subsidiaries, and any successors thereof formed pursuant to the Conversion Transactions in accordance with Section 6.16. For the avoidance of doubt, any reference to the term "Northern Plains Group Companies" shall include only the entities specified in the previous sentence and shall not be

construed to cover the conduct or operations of the Northern Border Companies or Persons in which the Northern Border Companies hold a minority interest.

"NP Tax Basket" shall have the meaning set forth in Section 9.10(a).

"Objection" shall have the meaning set forth on Schedule 2.1.

"Objection Date" shall have the meaning set forth on Schedule 2.1.

"Objection Period" shall have the meaning set forth on Schedule 2.1.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award.

"Ordinary Course of Business" shall refer to the conduct of business of the Transfer Group Companies from and after December 2, 2001.

"Outside Date" shall have the meaning set forth in Section 3.2(b).

"Paying Party" shall have the meaning set forth in Section 9.2(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Per Diem Taxes" shall have the meaning set forth in Section 9.2(c)(ii).

"Percentage Interest" shall have the meaning set forth in Section 4.4.

"Performance Notice" shall have the meaning set forth in Section 9.12.

"Performance Standard" shall have the meaning set forth in Section 9.12.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates.

"Permitted Exceptions" means (i) all Liens and exceptions disclosed in policies of title insurance set forth on Schedule 4.19; (ii) statutory Liens for current Taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings; (iii) mechanics', carriers', workers', repairers' and similar Liens; (iv) zoning, entitlement and other land use and environmental regulations by any Governmental Authority; (v) with respect to any asset, right or interest, Liens that would be released pursuant to the Approval Order from such asset, right or interest and attach to the sales proceeds received by Sellers hereunder upon the sale of the Equity Interest to Purchaser as contemplated by this Agreement and (vi) such other Liens that would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

"Person" means and includes natural persons, corporations, limited partnerships, limited liability companies, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and all Governmental Authorities.

"Plan" means the Fifth Amended Joint Plan of Affiliated Debtors pursuant to Chapter 11 of the Bankruptcy Code, dated January 9, 2004, as proposed by Enron and its debtor affiliates, including, without limitation, the exhibits and schedules attached thereto, as the same may be modified and supplemented from time to time.

"Post-Closing Covenant" shall have the meaning set forth in Section 10.1(b).

"Pre-Closing Covenant" shall have the meaning set forth in Section 10.1(a).

"Preliminary Purchase Price" shall have the meaning set forth in Section 2.1.

"Preparing Party" shall have the meaning set forth in Section 9.2(d).

"Prime Rate" means the prime lending rate as reported in the Wall Street Journal (under the heading "Money Rates") on the Closing Date.

"Principal Contribution Transaction Documents" means the (i) Transition Services Agreement, (ii) Transition Services Supplemental Agreement, (iii) Cross License Agreement, dated as of March 31, 2004, by and among Enron, NBI, Transwestern, Florida Gas, Northern Border Pipeline Company, EOS and Northern Plains, (iv) Sublease, dated as of March 31, 2004, between Enron and the Company, (v) Release Agreement, dated as of March 31, 2004, by and among Sellers, the Company, CrossCountry Energy Corp., CES, CrossCountry Alaska, LLC, CrossCountry Citrus Corp., NBP Services, Pan Border Gas Company, Northern Plains, Transwestern Holding Company, Inc. and Transwestern and (vi) Tax Sharing Agreement, dated as of March 31, 2004, between Enron, ETS, EOC, Northern Plains, Pan Border Gas Company, NBP Services, Transwestern, Transwestern Holding Company, Inc. and CrossCountry Citrus Corp.

"Principal Shippers" shall have the meaning set forth in Section 4.12.

"Purchase Price" shall have the meaning set forth in Section 2.1.

"Purchaser" shall have the meaning set forth in the recitals hereto.

"Purchaser Indemnified Parties" means Purchaser and its directors, officers, employees, any Person that becomes a Subsidiary of Purchaser upon the transfer of the Equity Interest at Closing, Affiliates (but only in their capacity as Affiliates of Purchaser or in connection with the sale of the Equity Interest under this Agreement), agents (but only in their capacity as agents of Purchaser or in connection with the sale of the Equity Interest under this

Agreement), successors and assigns; provided, however, that the term "Purchaser Indemnified Parties" shall not include any Citrus Group Company, any Northern Border Company or any third party partner of any such companies, including, with respect to the Citrus Group Companies, El Paso Corporation.

"Purchaser Material Adverse Effect" means any change, circumstance or event that would materially hinder or delay Purchaser's ability to consummate the transactions contemplated by this Agreement, other than any such change, circumstance or event which results from any of the events described in clauses (i), (ii) and (iii) of Section 3.2(d) or from any material breach by Sellers of any covenant or agreement in this Agreement or from any representation or warranty of Sellers having been or having become untrue in any material respect.

"Purchaser Related Parties" shall mean any potential investors, partners, members, lenders and financing sources (including the Financing Sources) of Purchaser and their respective Affiliates and Representatives.

"Representatives" shall have the meaning set forth in Section 6.4(b).

"Request" shall have the meaning set forth in Section 6.16(a).

"Resolution Period" means the period ending thirty (30) days following receipt by an Indemnified Party of a written notice from an Indemnifying Party stating that it disputes all or any portion of a claim set forth in an Indemnity Notice or a Third Party Claim Notice.

"Rights of Way" shall have the meaning set forth in Section 4.9(a).

"Sale Motion" means the motion to be filed with the Bankruptcy Court by the applicable Sellers seeking entry of the Approval Order.

"SEC" shall have the meaning set forth in Section 4.6(b).

"Section 338(h)(10) Election" shall have the meaning set forth in Section 6.16(a)(ii).

"Securities Act" shall have the meaning set forth in Section 4.6(b).

"Seller Indemnified Parties" means Sellers, their Affiliates and their respective Representatives, successors and assigns.

"Seller Material Adverse Effect" means any change, circumstance or event that would materially hinder or delay any Seller's ability to consummate the transactions contemplated by this Agreement, excluding any such change, circumstance or event to the extent resulting (a) from (i) the filing of the Bankruptcy Cases, (ii) the conversion or dismissal of any Bankruptcy Case, (iii) the appointment of a chapter 11 trustee or examiner in any Bankruptcy

Case or (iv) the confirmation or the effectiveness of the Plan, or (b) from any material breach by Purchaser of any covenant or agreement in this Agreement or from any representation or warranty of Purchaser having been or having become untrue in any material respect.

"Sellers" shall have the meaning set forth in the recitals hereto.

"Southern Union Company" means Southern Union Company, a Delaware corporation.

"Straddle Period" shall have the meaning set forth in Section 9.2(c)(ii).

"Subsidiary or subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote or to direct the voting of sufficient securities to elect a majority of the board of directors or similar governing body.

"Superior Transaction" means one or more written or oral proposals (with such oral proposals made on the record at a hearing before the Bankruptcy Court) made by one or more third parties for one or more Alternative Transactions that represent, alone or in the aggregate, and in Enron's sole discretion, upon consultation with the Creditors' Committee and its Representatives, a higher or better offer for the Equity Interest, the equity interests of any of the Transfer Group Companies or all or substantially all of the assets of Transwestern than the offer made by Purchaser pursuant to the terms of this Agreement.

"Tax" means all federal, state, provincial, territorial, municipal, local or foreign income, profits, franchise, gross receipts, environmental (including taxes under Code Section 59A), customs, duties, net worth, sales, use, goods and services, withholding, value added, ad valorem, employment, social security, disability, occupation, pension, real property, personal property (tangible and intangible), stamp, transfer, conveyance, severance, production, excise and other taxes, withholdings, duties, levies, imposts and other similar charges and assessments (including any and all fines, penalties and additions attributable to or otherwise imposed on or with respect to any such taxes, charges, fees, levies or other assessments, and interest thereon) imposed by or on behalf of any Taxing Authority.

"Tax Baskets" shall mean the TWG Tax Basket, the CGC Tax Basket and the NP Tax Basket, as applicable.

"Tax Package" shall have the meaning set forth in Section 9.2(a)(i).

"Tax Proceeding" shall have the meaning set forth in Section 9.4(a).

"Tax Returns" means any report, return, declaration, claim for refund, information report or return or statement required to be supplied to a Taxing Authority in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

"Taxing Authority" means any Governmental Authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

"TGS" means Transportadora de Gas del Sur S.A., an Argentine *sociedad anónima.*

"TGS Agreements" means (i) the Owners Agreement, dated as of November 13, 1992, by and among EPCA, Citicorp Equity Investments S.A. and Perez Companc, (ii) the Shareholders Agreement, dated as of November 13, 1992, by and among EPCA, Citicorp Equity Investments S.A. and Perez Companc, predecessor in interest to Petrobras Energia S.A. ("Petrobras"), an Argentine sociedad anónima, (iii) the Technical Assistance Agreement, dated as of November 13, 1992, by and between TGS and EPCA, (iv) the Bid Agreement, dated as of November 13, 1992, by and among EPCA, Citicorp Equity Investments S.A. and Perez Companc, predecessor in interest to Petrobras and (v) the Authorization to Render the Public Service of Gas Transportation Issued to TGS (the "TGS License").

"TGS Letters" shall have the meaning set forth in Section 9.12.

"Third Party Claim" shall have the meaning set forth in Section 10.4(b).

"Third Party Claim Notice" shall have the meaning set forth in Section 10.4(b).

"Transaction Documents" means the Deposit Escrow Agreement, the Citrus Trading Gas Contract Indemnification Agreement, the Transfer Group Company Guaranty, the TSA and the TSSA.

"Transfer Group Companies" means the Company, CrossCountry Citrus Corp., the Transwestern Group Companies, the Citrus Group Companies, the Northern Plains Group Companies, NBP Services, CES and CrossCountry Alaska, LLC. For the avoidance of doubt, any reference to the term "Transfer Group Companies" shall include only the entities specified in the previous sentence and shall not be construed to cover the conduct or operations of the Northern Border Companies or Persons in which the Northern Border Companies hold a minority interest.

"Transfer Group Company Guaranty" means the agreement of the applicable Transfer Group Company to fulfill all obligations of Purchaser from and after the Closing, under this Agreement, of any kind or nature whatsoever, including any amount that Purchaser is or may become obligated to pay pursuant to this Agreement and such agreement shall remain in full force and effect without regard to, and shall not be affected or impaired by (i) any change in the corporate structure or ownership of Purchaser or the bankruptcy, insolvency, reorganization, dissolution, liquidation, or other similar proceeding relating to Purchaser or any Affiliate or

Subsidiary of Purchaser or (ii) any neglect, delay, omission, failure or refusal of Purchaser or Sellers to take or prosecute any action in connection with this Agreement or any other agreement, including the Transaction Documents, delivered in connection with this Agreement. In connection with a Transfer Group Company Guaranty, the applicable Transfer Group Company shall unconditionally waive any right to require Sellers to proceed first against Purchaser.

"Transfer Group Material Adverse Effect" means any change, circumstance or event that is materially adverse to the business, financial condition or assets of the Transfer Group Companies, taken as a whole, excluding any such change, circumstance or event to the extent resulting from (i) the economy or securities markets in general, or any outbreak of hostility, terrorist activities or war, (ii) the announcement, pendency or consummation of the sale of the Equity Interest or any other action by Sellers or any Transfer Group Company contemplated by or required by this Agreement, (iii) the filing of the Bankruptcy Cases, (iv) the confirmation or the effectiveness of the Plan, (v) the conversion or dismissal of any Bankruptcy Case, (vi) the appointment of a chapter 11 trustee or examiner in any Bankruptcy Case, or (vii) any changes in general economic, political or regulatory conditions in industries or countries in which any of the Transfer Group Companies operates, including changes applicable to (A) the international, national, regional, or local wholesale markets for natural gas, capacity or throughput, (B) international, national, regional or local interstate natural gas pipeline systems, and (C) rules, regulations or decisions affecting the interstate natural gas transmission industry as a whole.

"Transition Services Agreement" means the Transition Services Agreement, dated as of March 31, 2004, between Enron and the Company.

"Transition Services Supplemental Agreement" means the Transition Services Supplemental Agreement, dated as of March 31, 2004, between Enron and the Company.

"Transportation Contracts" shall have the meaning set forth in Section 4.11(a)(vii).

"Transwestern" shall have the meaning set forth in the recitals hereto.

"Transwestern Debt Amount" means the principal amount of all indebtedness of Transwestern for borrowed money, including without limitation, the outstanding principal amount owed as of the Closing Date under the Credit Agreement, dated as of May 3, 2004, among Transwestern, as Borrower, the Initial Lenders and Initial Issuing Bank named therein, as Initial Lenders and Initial Issuing Bank, Wachovia Bank, National Association, as Administrative Agent and Collateral Agent, Suntrust Bank, as Syndication Agent, and Bank One, N.A., Citicorp USA, Inc. and Union Bank of California, N.A., as Joint Documentation Agents.

"Transwestern Group Companies" means Transwestern Holding Company, Inc., Transwestern and any of their respective subsidiaries, and any successors thereof formed pursuant to the Conversion Transactions in accordance with Section 6.16.

"Transwestern Receivables" means the (i) Amended and Restated Promissory Note by Enron in favor of Transwestern, with an effective date of May 14, 2001 and an outstanding balance of $233,943,232.69 as of the date of this Agreement, (ii) Subordinated Promissory Note by Enron Corp. in favor of Transwestern, with an effective date of November 13, 2001 and an outstanding balance of $137,500,000 as of the date of this Agreement, (iii) Subordinated Promissory Note by Enron Corp. in favor of Transwestern with an effective date of November 13, 2001 and an outstanding balance of $412,500,000 as of the date of this Agreement, (iv) intercompany receivable in the amount of $32,865,523.00 as of the date of this Agreement owed by Risk Management and Trading Corp. to Transwestern, (v) intercompany receivable in the amount of $1,260,943.78 as of the date of this Agreement owed by Enron Capital & Trade Resources to Transwestern, (vi) intercompany receivable in the amount of $1,878.25 as of the date of this Agreement owed by Enron Energy Services to Transwestern, and (vii) intercompany receivable arising under the Tax Sharing Agreement, dated as of March 31, 2004, by and among Enron, Northern Plains, Pan Border Gas Company, NBP Services, Transwestern, Transwestern Holding Company, Inc. and CrossCountry Citrus Corp., which was owed by Enron to Transwestern in the amount of $83,988,930.00 as of March 31, 2004.

"Treasury Regulations" means the regulations promulgated under the Code.

"True-up Amount" shall have the meaning set forth on Schedule 2.1.

"TSA" shall have the meaning set forth in Section 8.1(g).

"TSSA" shall have the meaning set forth in Section 8.1(g).

"TWG Tax Basket" shall have the meaning set forth in Section 9.10(a).

"Winning Bidder" shall have the meaning set forth in the Bidding Procedures Order.

"Working Capital" shall consist of the net amount of the line items reflected in the related worksheet set forth on Annex A to Schedule 2.1. and shall, in all instances, be computed using the same line items, and in the same manner, as set forth in such worksheet, consistently with the Working Capital Accounting Principles.

"Working Capital Accounting Principles" shall have the meaning set forth on Schedule 2.1.

"Working Capital Worksheet" shall have the meaning set forth in Annex A to Schedule 2.1.

11.2 Other Terms. Other terms may be defined elsewhere in this Agreement and, unless otherwise indicated, shall have such meaning throughout this Agreement.

11.3 Knowledge Qualifiers. References to "Sellers' Knowledge" or "to the Knowledge of Sellers" and similar terms shall refer to the actual knowledge, without any requirement of inquiry or investigation, of any of the individuals listed on Schedule 11.3.

11.4 Interpretation. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". 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. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

ARTICLE XII

MISCELLANEOUS

12.1 Bankruptcy Court Approval. The obligations of Enron, ETS and EOS under this Agreement are subject to approval of the Bankruptcy Court

12.2 Obligations Several. Enron shall be jointly and severally liable for all obligations of Sellers under this Agreement, and EOS, ETS and EOC shall be severally liable for their respective obligations under this Agreement, each in accordance with its Percentage Interest.

12.3 Expenses. Except as otherwise set forth in this Agreement, each of Sellers and Purchaser shall each bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby, including, without limitation, obtaining the Approval Order and the Bidding Procedures Order, it being understood that in no event shall any of the Transfer Group Companies bear any of such costs and expenses.

12.4 Incorporation of Exhibits and Schedules. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof. Any information disclosed on any schedule hereto shall be deemed disclosed for all schedules hereto. Any matter disclosed in any section of a schedule shall be deemed disclosed in each section of such schedule.

12.5 Submission to Jurisdiction: Consent to Service of Process.

(a) Without limiting any party's right to appeal any Order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated by this Agreement, and (ii) any and all Actions related to the foregoing shall be filed and maintained

only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 12.13; provided, however, that if the Bankruptcy Cases have closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof, for the resolution of any such claim or dispute.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by Applicable Law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, Action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 12.13.

12.6 Waiver of Jury Trial. THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT THEY MAY HAVE TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION, OR IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTIES WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.6.

12.7 No Consequential or Punitive Damages. No party hereto (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for any consequential, exemplary, special, incidental or punitive damages claimed by such other party under the terms of or due to any breach of this Agreement, including, but not limited to, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

12.8 No Right of Set-Off. Purchaser for itself and for its Subsidiaries, Affiliates, successors and assigns hereby unconditionally and irrevocably waives any rights of set-off, netting, offset, recoupment, or similar rights that Purchaser or any of its Subsidiaries, Affiliates, successors and assigns has or may have with respect to the payment of the Purchase

Price or any other payments to be made by the Purchaser pursuant to this Agreement or any other document or instrument delivered by Purchaser in connection herewith.

12.9 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

12.10 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto), the Confidentiality Agreements and the Transaction Documents represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Except as otherwise provided herein, all remedies hereunder are cumulative and are not exclusive of any other remedies provided by Law.

12.11 Governing Law. THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED, AND DETERMINED IN ACCORDANCE WITH, THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE AND THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

12.12 Table of Contents and Headings. The table of contents and Section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

12.13 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed duly given (i) when delivered personally or by prepaid overnight courier, with a record of receipt, (ii) the fourth day after mailing if mailed by certified mail, return receipt requested, or (iii) the day of transmission, if sent by facsimile or telecopy during regular business hours, or the day after transmission, if sent after regular business hours

(with a copy promptly sent by prepaid overnight courier with record of receipt or by certified mail, return receipt requested), to the parties at the following addresses or telecopy numbers (or to such other address or telecopy number as a party may have specified by notice given to the other parties pursuant to this provision):

If to any Seller, to:

Enron Corp.
1221 Lamar Street, Suite 1600
Houston, TX 77010
Attention: General Counsel
Facsimile: (713) 646-6227

With a copy to:

Weil, Gotshal & Manges LLP
200 Crescent Ct., Suite 300
Dallas, TX 75201
Attention: Michael A. Saslaw
Facsimile: (214) 746-7777

If to Purchaser, to:

Southern Union Company
One PEI Center, Second Floor
Wilkes-Barre, PA 18711
Attention: Thomas F. Karam, President and COO
Facsimile: (570) 829-8900

And to:

General Electric Capital Corporation
260 Long Ridge Road
Stamford, CT 06927
Attention: Manager of Operations
Facsimile: (203) 961-2215

With a copy to:

Fleischman & Walsh, LLP
1919 Pennsylvania Avenue, N.W., Suite 600
Washington, DC 20006
Attention: Sean P. McGuinness
Facsimile: (202) 265-5706

And a copy to:

Paul, Hastings, Janofsky & Walker LLP
1055 Washington Boulevard

Stamford, CT 06901
Attention: Jonathan Birenbaum
Facsimile: (203) 359-3031

12.14 Severability. If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain in effect.

12.15 Binding Effect Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Except as set forth in Sections 6.1, 6.8, Article IX and Article X, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person not a party to this Agreement. No assignment of this Agreement or of any rights or obligations hereunder may be made by any of Sellers or Purchaser (by operation of Law or otherwise) without the prior written consent of the other parties hereto and any attempted assignment without the required consents shall be void.

12.16 [Intentionally Omitted]

12.17 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

12.18 Specific Performance. Subject to the provisions of Section 2.2(a) and the delivery of the Additional Letters of Credit for the Additional Deposit Amount, Sellers hereby agree that, in the event of any breach by any Seller of any material covenant, obligation or other term or provision set forth in this Agreement for the benefit of Purchaser, Purchaser shall be entitled to a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other term or provision; provided, however, that Purchaser's right under this Section 12.18 shall terminate upon Closing.

[SIGNATURE PAGE FOLLOWS]

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 written above.

CCE HOLDINGS, LLC

By:_____
Name: Thomas F. Karam
Title: President

ENRON OPERATIONS SERVICES, LLC

By: Enron Transportation Services, LLC, its Sole Member
By: EOC Preferred, L.L.C., its Sole Member
By: Enron Corp., its Sole Member

By:_____
Name: George M. McCormick
Title: Managing Director, Corporate Development

ENRON TRANSPORTATION SERVICES, LLC

By: EOC Preferred, L.L.C., its Sole Member
By: Enron Corp., its Sole Member

By:_____
Name: George M. McCormick
Title: Managing Director, Corporate Development

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 written above.

CCE HOLDINGS, LLC

By:_____
Name: Thomas F. Karam
Title: President

ENRON OPERATIONS SERVICES, LLC

By: Enron Transportation Services, LLC, its Sole Member
By: EOC Preferred, L.L.C., its Sole Member
By: Enron Corp., its Sole Member

By:_____
Name: George M. McCormick
Title: Managing Director, Corporate Development

wls

ENRON TRANSPORTATION SERVICES, LLC

By: EOC Preferred, L.L.C., its Sole Member
By: Enron Corp., its Sole Member

By:_____
Name: George M. McCormick
Title: Managing Director, Corporate Development

wls

EOC PREFERRED, L.L.C.

By: Enron Corp., its Sole Member

By: _____
Name: George M. McCormick
Title: Managing Director, Corporate Development

ENRON CORP.

By: _____
Name: George M. McCormick
Title: Managing Director, Corporate Development