

SOUTHERN UNION COMPANY

**RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS
AT A MEETING HELD**

June 18, 2004

WHEREAS, this Board previously has authorized and empowered the Company to enter into a joint venture with an affiliate of General Electric Capital Corporation ("GE Capital"), which joint venture is to be know as CrossCountry Holdings, LLC ("CrossCountry Holdings"), for the purpose of jointly acquiring all of the equity interests in CrossCountry Energy, LLC ("CrossCountry Energy") from Enron Corp. ("Enron") and certain affiliates thereof;

WHEREAS, pursuant to such prior authorization, on May 21, 2004 CrossCountry Holdings submitted an offer to purchase the equity interests in CrossCountry Energy;

WHEREAS, in lieu of accepting the offer submitted by CrossCountry Holdings, Enron accepted an alternative offer submitted by NuCoastal Corp. ("NuCoastal"), and Enron and its affiliates entered into a Purchase Agreement with NuCoastal (the "NuCoastal Agreement") dated as of May 21, 2004 providing for the sale of the equity interests in CrossCountry Energy to NuCoastal;

WHEREAS, as debtors-in-possession pursuant to Chapter 11 of the U.S. Bankruptcy Code, Enron and certain of its affiliates are subject to the jurisdiction of the U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, a hearing is scheduled to be held in the Bankruptcy Court on June 24, 2004, at which Enron will seek to have the Bankruptcy Court approve the breakup fee set forth in the NuCoastal Agreement and grant NuCoastal "stalking horse" status for purposes of the sale of the equity interests in CrossCountry Energy to be made pursuant to Sections 105 and 363 of the U.S. Bankruptcy Code;

WHEREAS, since May 21, 2004, representatives of the Company and GE Capital have communicated to members of the law firm of Milbank, Tweed, Hadley & McCloy ("Milbank"), who are counsel to the committee of unsecured creditors of Enron (the "Creditors' Committee"), their continuing interest in acquiring the equity interests in CrossCountry Energy;

WHEREAS, representatives of the Company and GE Capital have submitted to Milbank a form of Purchase Agreement, a copy of which is has been furnished to the Board (the "CCH Agreement"), pursuant to which they have expressed a willingness to purchase the equity interests in CrossCountry Energy, subject to the approval by their respective boards of directors;

WHEREAS, members of the Company's executive management have advised the Board that they believe that the purchase price and other terms set forth in the CCH Agreement are more favorable to Enron and its creditors that those set forth in the NuCoastal Agreement, and that upon formal submission of the CCH Agreement the Creditors' Committee is likely to

withdraw its support for the NuCoastal Agreement in and announce their support for the CCH Agreement; and

WHEREAS, members of the Company's executive management also have advised the Board that they believe that NuCoastal may increase the purchase price that it is willing to pay for the equity interests in CrossCountry Energy in response to the offer reflected in the CCH Agreement;

NOW THEREFORE, RESOLVED, that the proper officers of the Company be, and they each hereby are, authorized, empowered and directed, for and on behalf of the Company, to enter into the Letter Agreement regarding Joint Offer to Acquire CrossCountry Energy and the related Preliminary Term Sheet for \$1 Billion of LLC interests with GE Capital or an affiliate thereof, substantially in the form of such documents as previously provided to the Board, with such changes thereto as such officers, in their discretion, may deem necessary or desirable; and

FURTHER RESOLVED, that the proper officers of the Company be, and they hereby are, authorized, empowered and directed, for and on behalf of the Company, and for and on behalf of CrossCountry Holdings in their respective capacities as officers thereof, to enter into the following documents pertaining to the financing for the acquisition of the equity interests in CrossCountry Energy, substantially in the form of such documents as previously provided to the Board, with such changes thereto as such officers, in their discretion, may deem necessary or desirable:

- Commitment Letter (pertaining to \$700MM bridge debt facility for CCE Holdings and \$650MM refinancing of Transwestern credit facility);
- Fee Letter relating to the Commitment Letter;
- Commitment Letter for Equity Bridge Facility (pertaining to a \$545MM bridge loan to Southern Union Panhandle LLC)
- Fee Letter for Equity Bridge Facility relating to the Commitment Letter for Equity Bridge Facility;
- Bond Engagement Letter (pertaining to \$700MM permanent bond financing for CCE Holdings); and
- Engagement Letter (pertaining to the underwritten offering of \$545MM of equity securities of Southern Union Company);

FURTHER RESOLVED, that the proper officers of the Company be, and they hereby are, authorized, empowered and directed, for and on behalf of the Company, and for and on behalf of CrossCountry Holdings in their respective capacities as officers thereof, to execute and deliver the CCH Agreement, with such changes thereto (including without limitation changes to the purchase price payable thereunder) as they in their discretion may deem necessary and appropriate;

FURTHER RESOLVED, that the proper officers of the Company be, and they hereby are, authorized, empowered and directed, for and on behalf of the Company, and for and on behalf of CrossCountry Holdings in their respective capacities as officers thereof, to do such further acts and things, and to execute and deliver such other documents, as they in their

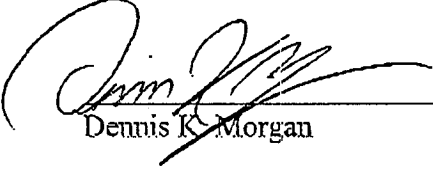
discretion may deem necessary or appropriate to effectuate the purposes of the foregoing resolutions;

FURTHER RESOLVED, that all actions taken to date by officers of the Company or by representatives of the Company acting at the direction of the officers of the Company in connection with such transactions be, and hereby are, ratified, confirmed and approved in all respects, and

FURTHER RESOLVED, that for purposes of the foregoing resolutions, the proper officers of the Company shall be its President & Chief Operating Officer; its Executive Vice President & Chief Financial Officer; and its Executive Vice President – Administration, General Counsel & Secretary.

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The undersigned, Dennis K. Morgan, Executive Vice President -- Administration, General Counsel and Secretary, hereby certifies that the foregoing is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company at a meeting held on June 18, 2004.


Dennis K. Morgan