SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

OR

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2001

COMMISSION FILE NO. 1-10403

TEPPCO PARTNERS, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	76-0291058
(STATE OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

2929 ALLEN PARKWAY
P.O. BOX 2521
HOUSTON, TEXAS 77252-2521
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(713) 759-3636
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEPPCO PARTNERS, L.P.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

SEPTEMBER 30, 2001	DECEMBER 31, 2000
(UNAUDITED)	
ASSETS	
Current assets:	
Cash and cash equivalents	$ 33,031
	$ 27,096
Accounts receivable, trade	293,439
	303,394
Inventories	26,756
	24,784
Other	6,141
	8,123
Total current assets	359,367
	363,397
Property, plant and equipment, at cost (Net of accumulated depreciation and amortization of $276,769 and $251,165)	1,143,196
	949,705
Equity investments	269,893
	241,648
Intangible assets	240,500
	34,174
Goodwill	24,756
	4,214
Other assets	35,838
	29,672
Total assets	$ 2,073,550
	$ 1,622,810
LIABILITIES AND PARTNERS' CAPITAL	
Current liabilities:	
Notes payable	$ 360,000
	$ --
Accounts payable and accrued liabilities	294,364
	293,720
Accounts payable, general partner	13,253
	6,637
Accrued interest	8,831
	18,633
Other accrued taxes	10,780
	10,501
Other	42,043
	28,780
Total current liabilities	729,271
	358,271
Senior Notes	389,807
	389,784
Other long-term debt	472,000
	446,000
Other liabilities and deferred credits	15,956
	3,991
Minority interest	--
	4,296
Redeemable Class B Units held by related party	106,270
	105,411
Partners' capital:	
Accumulated other comprehensive loss	(26,992)
	--
General partner's interest	11,848
	1,824
Limited partners' interests	375,390
	313,233
Total partners' capital	360,246
	315,057
Commitments and contingencies (Note 9)	
Total liabilities and partners' capital	$ 2,073,550
	$ 1,622,810

See accompanying Notes to Consolidated Financial Statements.

TEPPCO PARTNERS, L.P.

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	THREE MONTHS ENDED SEPTEMBER 30, 2001	THREE MONTHS ENDED SEPTEMBER 30, 2000	NINE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED SEPTEMBER 30, 2000
Operating revenues:				
Sales of crude oil and petroleum products	$ 915,296	$ 686,732	$ 2,601,580	$2,059,160
Transportation - Refined products	32,161	29,483	109,748	90,198
Transportation - LPGs	15,669	14,477	54,174	47,961
Transportation - crude oil and NGLs	12,167	7,932	34,484	15,834
Mont Belvieu operations	3,977	3,015	9,871	10,369
Other - net	11,546	8,259	39,876	24,772
Total operating revenues	990,816	749,898	2,849,733	2,248,294
Costs and expenses:				
Purchases of crude oil and petroleum products	902,126	679,459	2,566,621	2,039,763
Operating, general and administrative	38,181	27,735	96,086	77,303
Operating fuel and power	9,125	8,838	27,946	24,677
Depreciation and amortization	10,411	9,154	31,175	25,740
Taxes - other than income taxes	3,852	2,805	11,409	7,986
Total costs and expenses	963,695	727,991	2,733,237	2,175,469
Operating income	27,121	21,907	116,496	72,825
Interest expense	(15,679)	(15,967)	(47,365)	(32,949)
Interest capitalized	1,105	1,551	2,040	3,816
Equity earnings	5,645	9,325	15,270	9,325
Other income - net	997	548	2,224	2,180
Income before minority interest	19,189	17,364	88,665	55,197
Minority interest	(97)	(175)	(800)	(557)
Net income	$ 19,092	$ 17,189	$ 87,865	$ 54,640
Net Income Allocation:				
Limited Partner Unitholders	$ 12,113	$ 11,995	$ 62,035	$ 39,491
Class B Unitholder				

1,357 1,619 7,027 5,333 General Partner
5,622 3,575 18,803 9,816 ------ Total net income allocated
$ 19,092 $ 17,189 $ 87,865 $ 54,640 Basic and diluted net income per Limited Partner and Class B Unit
$ 0.35 $ 0.41 $ 1.79 $ 1.36 Weighted average Limited Partner and Class B Units outstanding
38,867 32,917 38,544 32,917

See accompanying Notes to Consolidated Financial Statements.

TEPPCO PARTNERS, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

NINE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED SEPTEMBER 30, 2000
Cash flows from operating activities: Net income	$ 87,865
	$ 54,640
Depreciation and amortization	31,175
	25,740
Earnings in equity investments, net of distributions	6,090
	(8,370)
Noncash portion of interest expense	2,175
	1,475
Decrease (increase) in accounts receivable, trade	9,292
	(34,619)
Increase in inventories	(1,972)
	(3,006)
Decrease (increase) in other current assets	(3,524)
	2,205
Increase (decrease) in accounts payable and accrued expenses	(16,231)
	48,989
Other	(1,412)
	(9,087)
Net cash provided by operating activities	113,458
	77,967
Cash flows from investing activities: Proceeds from cash investments	3,236
	1,475
Purchases of cash investments	--
	(2,000)
Purchases of ARCO assets, net of cash received	--
	(322,640)
Purchase of crude oil assets	(20,000)
	(7,843)
Proceeds from the sale of assets	1,300
	--
Purchase of Jonah Gas Gathering Company	(359,834)
	--
Investments in Centennial Pipeline Company	(34,335)
	(2,984)
Capital expenditures	(61,966)
	(53,272)
Net cash used in investing activities	(471,599)
	(387,264)
Cash flows from financing activities: Proceeds from term loan and revolving credit facility	427,000
	453,000
Repayment of term loan and revolving credit facility	(41,000)
	(86,000)
Debt issuance cost	(2,601)
	(7,074)
Proceeds from the issuance of Limited Partner Units, net	54,588
	--
General Partner contributions	1,114
	--
Distributions	(75,025)
	(58,207)
Net cash provided by financing activities	364,076
	301,719
Net increase (decrease) in cash and cash equivalents	5,935
	(7,578)
Cash and cash equivalents at beginning of period	27,096
	32,593
Cash and cash equivalents at end of period	$ 33,031
	$ 25,015
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS: Interest paid during the period (net of capitalized interest)	$ 52,022
	$ 27,709

See accompanying Notes to Consolidated Financial Statements.

TEPPCO PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

TEPPCO Partners, L.P. (the "Partnership"), a Delaware limited partnership, was formed in March 1990. The Partnership operates through TE Products Pipeline Company, Limited Partnership (the "Downstream Segment"), TCTM, L.P. (the "Upstream Segment") and TEPPCO Midstream Companies, L.P. (the "Midstream Segment"). Collectively the Downstream Segment, the Upstream Segment and the Midstream Segment are referred to as the "Operating Partnerships." Texas Eastern Products Pipeline Company, LLC (the "Company" or "General Partner"), a Delaware limited liability company, serves as the general partner of the Partnership. The General Partner is a wholly owned subsidiary of Duke Energy Field Services, LP ("DEFS"), a joint venture between Duke Energy Corporation ("Duke Energy") and Phillips Petroleum Company. Duke Energy holds a majority interest in DEFS. The Company, as general partner, performs all management and operating functions required for the Partnership pursuant to the Agreements of Limited Partnership of TEPPCO Partners, L.P., TE Products Pipeline Company, Limited Partnership, TCTM, L.P. and TEPPCO Midstream Companies, L.P. (the "Partnership Agreements"). The General Partner is reimbursed by the Partnership for all reasonable direct and indirect expenses incurred in managing the Partnership.

On July 26, 2001, the Company restructured its general partner ownership of the Operating Partnerships to cause them to be wholly-owned by the Partnership. TEPPCO GP, Inc. ("TEPPCO GP"), a subsidiary of the Partnership, succeeded the Company as general partner of the Operating Partnerships. All remaining partner interests in the Operating Partnerships not already owned by the Partnership were transferred to the Partnership. In exchange for this contribution, the Company's interest as general partner of the Partnership was increased to 2%. The increased percentage is the economic equivalent of the aggregate interest that the Company had prior to the restructuring through its combined interests in the Partnership and the Operating Partnerships. As a result, the Partnership holds a 99.999% limited partner interest in the Operating Partnerships and TEPPCO GP holds a .001% general partner interest.

The accompanying unaudited consolidated financial statements reflect all adjustments that are, in the opinion of management, of a normal and recurring nature and necessary for a fair statement of the financial position of the Partnership as of September 30, 2001, and the results of operations and cash flows for the periods presented. The results of operations for the nine months ended September 30, 2001, are not necessarily indicative of results of operations for the full year 2001. The interim financial statements should be read in conjunction with the Partnership's consolidated financial statements and notes thereto presented in the TEPPCO Partners, L.P. Annual Report on Form 10-K for the year ended December 31, 2000. Certain amounts from prior periods have been reclassified to conform to current presentation.

The Partnership operates in three segments: refined products, liquefied petroleum gases ("LPGs") and petrochemicals transportation ("Downstream Segment"); crude oil and natural gas liquids ("NGLs") transportation and marketing ("Upstream Segment"); and natural gas gathering ("Midstream Segment"). The Partnership's reportable segments offer different products and services and are managed separately because each requires different business strategies. The Upstream Segment was acquired as a unit in November 1998, and the management at the time of the acquisition was RETAINED. The Midstream Segment was acquired on September 30, 2001 and will be commercially managed and operated by DEFS. The Partnership's interstate transportation operations, including rates charged to customers, are subject to regulations prescribed by the Federal Energy Regulatory Commission ("FERC"). Refined products, LPGs, petrochemicals, crude oil and NGLs are referred to herein, collectively, as "petroleum products" or "products."

Basic net income per Unit is computed by dividing net income, after deduction of the general partner's interest, by the weighted average number of Limited Partner Units and Class B Units outstanding (a total of 38.9

million Units for the nine months ended September 30, 2001, and 32.9 million Units for the nine months ended September 30, 2000). The General Partner's percentage interest in net income is based on its percentage of cash distributions from Available Cash for each period (see Note 7. Quarterly Distributions of Available Cash). The General Partner was allocated $18.8 million (representing 21.4%) and $9.8 million (representing 17.96%) of net income for the nine months ended September 30, 2001, and 2000, respectively.

Diluted net income per Unit is similar to the computation of basic net income per Unit above, except that the denominator was increased to include the dilutive effect of outstanding Unit options by application of the treasury stock method. For the quarters ended September 30, 2001 and 2000, the denominator was increased by 45,110 Units and 23,877 Units, respectively. For the nine months ended September 30, 2001 and 2000, the denominator was increased by 33,277 Units and 21,193 Units, respectively.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2001, the Partnership adopted Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities and SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133. These statements establish accounting and reporting standards requiring that derivative instruments (including certain derivative instruments embedded in other contracts) be recorded at fair value and included in the balance sheet as assets or liabilities. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation, which is established at the inception of a derivative. Special accounting for derivatives qualifying as fair value hedges allows a derivative's gains and losses to offset related results on the hedged item in the statement of income. For derivative instruments designated as cash flow hedges, changes in fair value, to the extent the hedge is effective, are recognized in other comprehensive income until the hedged item is recognized in earnings. Hedge effectiveness is measured at least quarterly based on the relative cumulative changes in fair value between the derivative contract and the hedged item over time. Any change in fair value resulting from ineffectiveness, as defined by SFAS 133, is recognized immediately in earnings.

Adoption of SFAS 133 at January 1, 2001 resulted in the recognition of $10.1 million of derivative liabilities, $4.1 million of which are included in current liabilities and $6.0 million of which are included in other noncurrent liabilities on the Partnership's balance sheet, and $10.1 million of hedging losses included in accumulated other comprehensive loss, a component of Partners' capital, as the cumulative effect of the change in accounting principle. The hedging losses included in accumulated other comprehensive loss will be transferred to earnings as the forecasted transactions actually occur. Approximately $4.1 million of the loss included in accumulated other comprehensive loss as of January 1, 2001 was anticipated to be transferred into earnings during 2001. The cumulative effect of the accounting change had no effect on the Partnership's net income or its earnings per Unit amounts for the nine months ended September 30, 2001. Amounts were determined as of January 1, 2001 based on quoted market values, the Partnership's portfolio of derivative instruments, and the Partnership's measurement of hedge effectiveness.

From time to time, the Partnership has utilized and expects to continue to utilize derivative financial instruments with respect to a portion of its interest rate risks and its crude oil marketing activities to achieve a more predictable cash flow by reducing its exposure to interest rate and crude oil price fluctuations. These transactions generally are swaps and forwards and are entered into with major financial institutions or commodities trading institutions. Derivative financial instruments used in the Partnership's Upstream Segment are intended to reduce the Partnership's exposure to fluctuations in the market price of crude oil, while derivative financial instruments related to the Partnership's interest rate risks are intended to reduce the Partnership's exposure to increases in the benchmark interest rates underlying the Partnership's variable rate revolving credit facility. Through December 31,

2000, gains and losses from financial instruments used in the Partnership's Upstream Segment have been recognized in revenues for the periods to which the derivative financial instruments relate, and gains and losses from its interest rate financial instruments have been recognized in interest expense for the periods to which the derivative financial instruments relate.

As of September 30, 2001, the Upstream Segment had open positions on option contracts it had written for 100,000 barrels of crude oil and futures contracts for the sale of 50,000 barrels of crude oil. During the nine months ended September 30, 2001, a loss of $22,500 was recognized on such contracts.

Also as of September 30, 2001, the Partnership had in place an interest rate swap agreement to hedge its exposure to increases in the benchmark interest rate underlying its variable rate revolving credit facilities. The swap agreement is based on a notional amount of $250 million. Under the swap agreement, the Partnership pays a fixed rate of interest of 6.955% and receives a floating rate based on a three month USD LIBOR rate. The interest rate swap is designated as a cash flow hedge, therefore, the changes in fair value, to the extent the swap is effective, are recognized in other comprehensive income until the hedged interest costs are recognized in earnings. During the nine month period ended September 30, 2001, the Partnership recognized $4.0 million in losses, included in interest expense, on the interest rate swap attributable to interest costs occurring in 2001. No gain or loss from ineffectiveness was required to be recognized. The fair value of the interest rate swap agreement was a loss of approximately $22.1 million at September 30, 2001. Approximately $10.1 million (inclusive of the $4.1 million related to the cumulative effect of the accounting change not yet recognized) of such amount is anticipated to be transferred into earnings over the next twelve months.

During 2001, the Partnership executed treasury rate lock agreements with a combined notional amount of $400 million to hedge its exposure to increases in the treasury rate that will be used to establish the fixed interest rate for the debt offering that is probable to occur in the fourth quarter of 2001. Under the treasury rate lock agreements, the Partnership pays a fixed rate of interest, and receives a floating rate based on the three month treasury rate. The treasury rate locks are designated as cash flow hedges, therefore, the changes in fair value, to the extent the treasury rate locks are effective, are recognized in other comprehensive income until the actual debt offering occurs. Upon completion of the debt offering, the realized gain or loss on the treasury rate locks will be amortized out of accumulated other comprehensive income into interest expense over the life of the debt obligation. During April 2001, a treasury lock with a notional amount of $200 million was terminated with a realized gain of $1.1 million. The realized gain was recorded as a component of accumulated other comprehensive income. As of September 30, 2001, a notional amount of $200 million remained outstanding. The fair value of the outstanding treasury rate locks was a loss of approximately $6.0 million at September 30, 2001.

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 requires that the purchase method of accounting be used for all business combinations and specifies that certain acquired intangible assets be reported apart from goodwill. SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. SFAS 142 requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives. The Partnership has adopted SFAS 141, and will adopt SFAS 142 effective January 1, 2002.

At September 30, 2001, the Partnership had $24.8 million of unamortized goodwill. Amortization expense related to goodwill was $0.1 million and $0.8 million for the year ended December 31, 2000 and the nine months ended September 30, 2001, respectively. The Partnership has not determined the impact of adopting SFAS 142 at the date of this report, including whether any transitional impairment losses will be required to be recognized as the cumulative effect of a change in accounting principle.

NOTE 3. ACQUISITIONS

On July 20, 2000, the Partnership completed an acquisition of ARCO Pipe Line Company ("ARCO"), a wholly owned subsidiary of Atlantic Richfield Company, for $322.6 million, which included $4.1 million of acquisition related costs other than the purchase price. The purchased assets included ARCO's 50-percent ownership interest in Seaway Crude Pipeline Company ("Seaway"), which owns a pipeline that carries mostly imported crude oil from a marine terminal at Freeport, Texas, to Cushing, Oklahoma and from a marine terminal at Texas City, Texas to refineries in the Texas City and Houston areas. The Partnership assumed ARCO's role as operator of this pipeline. The Partnership also acquired: (i) ARCO's crude oil terminal facilities in Cushing and Midland, Texas, including the line transfer and pumpover business at each location; (ii) an undivided ownership interest in both the Rancho Pipeline, a crude oil pipeline from West Texas to Houston, and the Basin Pipeline, a crude oil pipeline running from Jal, New Mexico, through Midland to Cushing, both of which are operated by another joint owner; and (iii) the receipt and delivery pipelines known as the West Texas Trunk System, which is located around the Midland terminal. The acquisition was accounted for under the purchase method of accounting. Accordingly, the results of the acquisition are included in the consolidated financial statements from July 20, 2000.

In October 2000, the Partnership received a settlement notice from Atlantic Richfield Company for payment of a net aggregate amount of approximately $12.9 million in post-closing adjustments related to the purchase of ARCO. A large portion of the requested adjustment related to an indemnity for payment of accrued income taxes. In August 2001, the Partnership and Atlantic Richfield Company reached a settlement of $11.0 million for the post-closing adjustments. The Partnership recorded the settlement as an increase to the purchase price of ARCO. The Partnership paid the settlement amount to Atlantic Richfield Company on October 15, 2001.

On September 30, 2001, the Partnership completed the purchase of the Jonah Gas Gathering Company ("Jonah") from Alberta Energy Company for $360 million. The acquisition serves as an entry into the natural gas gathering industry for the Partnership. Goodwill recognized in the purchase amounted to approximately $10.4 million. The Jonah system consists of approximately 300 miles of pipelines ranging in size from four to 20 inches in diameter, four compressor stations with an aggregate of approximately 21,200 horsepower and related metering facilities. Gas gathered on the Jonah system is collected from approximately 300 producing wells in the Green River Basin in southwestern Wyoming. Gas is delivered to gas processing facilities owned by others. The Partnership owns a processing facility which extracts condensate prior to delivery of natural gas to DEFS' Overland Trail Transmission system and Questar. From these processing facilities, the natural gas is delivered to several interstate pipeline systems located in the region for transportation to end-use markets. Interstate pipelines in the region include the Overland Trail Transmission system, owned by our affiliate DEFS, Kern River, Northwest, Colorado Interstate Gas and Questar. These pipeline systems provide access for natural gas collected by the Jonah system to end-user markets throughout the Midwest, the West Coast and the Rocky Mountain regions. The Jonah assets will be commercially managed and operated by DEFS. The acquisition was accounted for under the purchase method of accounting. Accordingly, the results of the acquisition will be included in the consolidated financial statements from September 30, 2001.

The following table presents unaudited pro forma results of the Partnership as though the acquisitions of the ARCO and Jonah businesses occurred at the beginning of the respective periods (in thousands, except per Unit amounts).

QUARTER ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
2001	2000	2001	2000
--- Revenues			
$ 998,535	$ 757,070	$2,873,004	$2,281,465
Net Income			
15,432	13,824	77,076	41,739
Basic and diluted net income per Limited Partner and Class B Unit			
$ 0.28	$ 0.33	$ 1.57	$ 1.04

The following table allocates the estimated fair value of Jonah assets acquired on September 30, 2001. The Partnership is in the process of obtaining third-party valuations of certain assets, thus, the allocation of the purchase price is pending and subject to refinement.

(in thousands)
Property, plant and equipment	$ 141,570
Intangible assets	208,000
Goodwill	10,395
Total assets	359,965
Total liabilities assumed	(490)
Net assets acquired	$ 359,475

The value assigned to intangible assets relates to contracts with customers that are for either a fixed term or which dedicate total future lease production. The value assigned to intangible assets will be amortized over the expected lives of the contracts (approximately 16 years) in proportion to the timing of expected contractual volumes.

The assigned value of goodwill is attributable to the natural gas gathering assets that fully comprise the Midstream Segment.

NOTE 4. INVENTORIES

Inventories are carried at the lower of cost (based on weighted average cost method) or market. The major components of inventories were as follows (in thousands):

SEPTEMBER 30, 2001	DECEMBER 31, 2000
Crude oil	$13,833	$14,635
Gasolines	453	3,795
Propane	463	--
Butanes	2,597	267
Fuel oil	44	82
Other products	4,491	2,693
Materials and supplies	4,875	3,312
Total	$26,756	$24,784

The costs of inventories did not exceed market values at September 30, 2001, and December 31, 2000.

NOTE 5. EQUITY INVESTMENTS

Seaway is a partnership between the Upstream Segment and Phillips Petroleum Company ("Phillips"). The Upstream Segment purchased its 50-percent voting interest in Seaway on July 20, 2000 (see Note 3. Acquisitions). The Seaway Crude Pipeline Company Partnership Agreement provides for varying participation ratios throughout the life of the Seaway Partnership. From July 20, 2000, through May 2002, the Upstream Segment receives 80% of revenue and expense of Seaway. From June 2002 through May 2006, the Upstream Segment receives 60% of

revenue and expense of Seaway. Thereafter, the sharing ratio becomes 40% of revenue and expense to the Upstream Segment.

The Partnership uses the equity method of accounting for its investment in Seaway. Summarized financial information for Seaway as of and for the nine months ended September 30, 2001 is presented below (in thousands):

Current assets	$ 40,023
Non current assets	277,295
Current liabilities	9,184
Partners' capital	308,134
Revenues	55,719
Net income	27,283

NOTE 6. LONG TERM DEBT

SENIOR NOTES

On January 27, 1998, the Downstream Segment completed the issuance of $180 million principal amount of 6.45% Senior Notes due 2008, and $210 million principal amount of 7.51% Senior Notes due 2028 (collectively the "Senior Notes"). The 6.45% Senior Notes due 2008 are not subject to redemption prior to January 15, 2008. The 7.51% Senior Notes due 2028 may be redeemed at any time after January 15, 2008, at the option of the Downstream Segment, in whole or in part, at a premium.

The Senior Notes do not have sinking fund requirements. Interest on the Senior Notes is payable semiannually in arrears on January 15 and July 15 of each year. The Senior Notes are unsecured obligations of the Downstream Segment and rank on a parity with all other unsecured and unsubordinated indebtedness of the Downstream Segment. The indenture governing the Senior Notes contains covenants, including, but not limited to, covenants limiting the creation of liens securing indebtedness and sale and leaseback transactions. However, the indenture does not limit the Partnership's ability to incur additional indebtedness.

On October 4, 2001, the Partnership entered into an interest rate swap agreement to hedge its exposure to changes in the fair value of its $210 million principal amount of 7.51% fixed rate Senior Notes. The swap agreement has a notional amount of $210 million and matures in January 2028 to match the principal and maturity of the Senior Notes. Under the swap agreement, the Partnership pays a floating rate based on a three month USD LIBOR rate, plus a spread, and receives a fixed rate of interest of 7.51%.

OTHER LONG TERM DEBT AND CREDIT FACILITIES

On July 14, 2000, the Partnership entered into a $75 million term loan and a $475 million revolving credit facility. On July 21, 2000, the Partnership borrowed $75 million under the term loan and $340 million under the revolving credit facility. The funds were used to finance the acquisition of the ARCO assets (see Note 3. Acquisitions) and to refinance existing credit facilities, other than the Senior Notes. The term loan was repaid from proceeds received from the issuance of additional Limited Partner Units on October 25, 2000. On April 6, 2001, the Partnership's $475 million revolving credit agreement was amended to permit borrowings up to $500 million and to allow for letters of credit up to $20 million. The term of the revised credit agreement was extended to April 6, 2004. Additionally, on April 6, 2001, the Partnership entered into a 364-day, $200 million revolving credit agreement. The interest rate is based on the Partnership's option of either the lender's base rate plus a spread, or LIBOR plus a spread in effect at the time of the borrowings. The credit agreements contain restrictive financial covenants that

require the Partnership to maintain a minimum level of partners' capital as well as maximum debt-to-EBITDA (earnings before interest expense, income tax expense and depreciation and amortization expense) and minimum fixed charge coverage ratios. At September 30, 2001, $472 million was outstanding under the revolving credit facility at a weighted average interest rate of 4.9%.

On July 21, 2000, the Partnership entered into a three year swap agreement to hedge a portion of its exposure on the variable rate credit facilities. On April 6, 2001 the swap agreement was extended until April 6, 2004 to match the maturity of the variable rate credit facility above. The swap agreement is based on a notional amount of $250 million. Under the swap agreement, the Partnership pays a fixed rate of interest of 6.955% and receives a floating rate based on a three month USD LIBOR rate.

SHORT TERM CREDIT FACILITY

On September 28, 2001, the Partnership entered into a $400 million credit facility with SunTrust Bank. The Partnership borrowed $360 million under the facility for the acquisition of the Jonah assets (see Note 3. Acquisitions). The credit facility is payable in June 2002. The interest rate is based on the Partnership's option of either the lender's base rate plus a spread, or LIBOR plus a spread in effect at the time of the borrowings. The credit agreements contain restrictive financial covenants that require the Partnership to maintain a minimum level of partners' capital as well as maximum debt-to-EBITDA (earnings before interest expense, income tax expense and depreciation and amortization expense) and minimum fixed charge coverage ratios. At September 30, 2001, $360 million was outstanding under the credit facility at an interest rate of 3.63%.

NOTE 7. QUARTERLY DISTRIBUTIONS OF AVAILABLE CASH

The Partnership makes quarterly cash distributions of all of its Available Cash, generally defined as consolidated cash receipts less consolidated cash disbursements and cash reserves established by the General Partner in its sole discretion. Pursuant to the Partnership Agreement, the Company receives incremental incentive cash distributions to the extent that cash distributions on a per Unit basis exceed certain target thresholds. The Following table shows the allocation between the Company and the unitholders of each increment of cash distributed per Unit:

	GENERAL PARTNER	UNITHOLDERS
Quarterly Cash Distribution per Unit: Up to Minimum Quarterly Distribution ($0.275 per Unit)	--	-------
First Target - $0.276 per Unit up to $0.325 per Unit	2%	98%
Second Target - $0.326 per Unit up to $0.45 per Unit	15%	85%
Over Second Target - Cash distributions greater than $0.45 per Unit	25%	75%
...	50%	50%

The following table reflects the allocation of total distributions paid for the nine month periods ended September 30, 2001 and 2000 (in thousands, except per Unit amounts).

NINE MONTHS ENDED SEPTEMBER 30,	2001	2000
Limited Partner Units	$53,865	$42,775
General Partner		

Interest .....
817 491 General Partner Incentive
..... 13,674
8,576 ------- ------- Total
Partners' Capital Cash Distributions
.... 68,356 51,842 Class B Units
.....
6,169 5,777 Minority Interest
.....
500 588 ------- ------- Total Cash
Distributions Paid .....
$75,025 $58,207 ======= =======
Total Cash Distributions Paid Per
Unit ..... $ 1.575 $ 1.475
======= =======

On October 17, 2001, the Partnership declared a cash distribution of $0.575 per Limited Partner Unit and Class B Unit for the quarter ended September 30, 2001. The distribution was paid on November 5, 2001, to Unitholders of record on October 31, 2001.

NOTE 8. SEGMENT DATA

The Partnership operates in three segments: refined products, LPGs, and petrochemicals transportation, which operates through the Downstream Segment; crude oil and NGLs transportation and marketing, which operates through the Upstream Segment; and natural gas gathering, which operates through the Midstream Segment. The amounts indicated below as "Partnership and Other" relate primarily to intercompany eliminations and assets held by the Partnership that have not been allocated to the Operating Partnerships.

The Downstream Segment is engaged in the interstate transportation, storage and terminaling of petroleum products and LPGs, intrastate transportation of petrochemicals and the fractionation of NGLs. Revenues are derived from the transportation of refined products and LPGs, the storage and short-haul shuttle transportation of LPGs at the Mont Belvieu, Texas, complex, sale of product inventory and other ancillary services. The Downstream Segment is one of the largest pipeline common carriers of refined petroleum products and LPGs in the United States. The Partnership owns and operates a pipeline system extending from southeast Texas through the central and midwestern United States to the northeastern United States.

The Upstream Segment gathers, stores, transports and markets crude oil principally in Oklahoma, Texas and the Rocky Mountain region; operates two trunkline NGL pipelines in South Texas and two NGL pipelines in East Texas; and distributes lube oils and specialty chemicals to industrial and commercial accounts. On July 20, 2000, the Partnership acquired certain assets from ARCO (see Note 3. Acquisitions). The acquisition was accounted for under the purchase method of accounting. The results of the acquisition have been included in the Upstream Segment since the purchase on July 20, 2000.

The Midstream Segment gathers natural gas in the Green River Basin in southwest Wyoming. On September 30, 2001, the Partnership acquired Jonah Gas Gathering Company from Alberta Energy Corporation (see Note 3. Acquisitions). The acquisition was accounted for under the purchase method of accounting. The results of operations of the acquisition will be included in periods subsequent to September 30, 2001.

The table below includes interim financial information by business segment for the interim periods ended September 30, 2001 and 2000 (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30, 2001			THREE MONTHS ENDED SEPTEMBER 30, 2000		
	DOWNSTREAM SEGMENT	UPSTREAM SEGMENT	CONSOLIDATED	DOWNSTREAM SEGMENT	UPSTREAM SEGMENT	CONSOLIDATED
Unaffiliated revenues	$ 60,362	$ 930,454	$ 990,816	$ 53,110	696,788	$ 749,898
Operating expenses, including power	30,000	923,284	953,284	29,495	689,342	718,837
Depreciation and amortization expense	7,179	3,232	10,411	6,908	2,246	9,154
Operating income	23,183	3,938	27,121	16,707	5,200	21,907
Interest expense, net	(7,905)	(6,669)	(14,574)	(7,899)	(6,517)	(14,416)
Equity earnings	(296)	5,941	5,645	--	9,325	9,325
Other income, net	398	502	900	318	55	373
Net income	$ 15,380	$ 3,712	$ 19,092	$ 9,126	$ 8,063	$ 17,189

	NINE MONTHS ENDED SEPTEMBER 30, 2001			NINE MONTHS ENDED SEPTEMBER 30, 2000		
	DOWNSTREAM SEGMENT	UPSTREAM SEGMENT	CONSOLIDATED	DOWNSTREAM SEGMENT	UPSTREAM SEGMENT	CONSOLIDATED
Unaffiliated revenues	$ 204,925	$ 2,644,808	$ 2,849,733	$ 171,176	$ 2,077,118	$ 2,248,294
Operating						

expenses, including power ..... 88,321 2,613,741 2,702,062 88,367 2,061,362 2,149,729 Depreciation and amortization expense ..... 21,563 9,612 31,175 20,565 5,175 25,740 ---- ------- ---------- ---- ------- ---------- ----- ------ ---------- Operating income ..... 95,041 21,455 116,496 62,244 10,581 72,825 Interest expense, net ..... (24,267) (21,058) (45,325) (22,376) (6,757) (29,133) Equity earnings ..... (635) 15,905 15,270 -- 9,325 9,325 Other income, net ..... 567 857 1,424 1,284 339 1,623 -- --------- ---------- -- --------- ---------- --- -------- ---------- Net income ..... $ 70,706 $ 17,159 $ 87,865 $ 41,152 $ 13,488 $ 54,640 ========== ========== ========== ========== ========== ==========

AS OF SEPTEMBER 30, 2001 ---------- ---------- ---------- ---------- DOWNSTREAM UPSTREAM MIDSTREAM PARTNERSHIP SEGMENT SEGMENT SEGMENT AND OTHER CONSOLIDATED - ---------- --------- -- --------- ------- ---- ---------- Total assets ..... $ 809,106 $ 905,406 $ 360,860 $ (1,822) $ 2,073,550 Accounts receivable, trade ..... 20,772 272,667 -- -- 293,439 Accounts payable and accrued liabilities ..... $ 9,822 $ 284,542 $ -- $ -- $ 294,364

AS OF SEPTEMBER 30, 2000 ---------- ---------- ---------- ---------- DOWNSTREAM UPSTREAM MIDSTREAM PARTNERSHIP SEGMENT SEGMENT SEGMENT AND OTHER CONSOLIDATED - ---------- --------- -- --------- ------- ---- ---------- Total assets ..... $ 743,838 $ 720,722

$ -- $ (1,592) $ 1,462,968 Accounts receivable, trade ..... 18,729 229,278 -- -- 248,007 Accounts payable and accrued liabilities ..... $ 10,380 $ 236,123 $ -- $ -- $ 246,503

NOTE 9. COMMITMENTS AND CONTINGENCIES

In the fall of 1999 and on December 1, 2000, the Company and the Partnership were named as defendants in two separate lawsuits in Jackson County Circuit Court, Jackson County, Indiana, in Ryan E. McCleery and Marcia S. McCleery, et al. v. Texas Eastern Corporation, et al. (including the Company and Partnership) and Gilbert Richards and Jean Richards v. Texas Eastern Corporation, et. al. In both cases plaintiffs contend, among other things, that the Company and other defendants stored and disposed of toxic and hazardous substances and hazardous wastes in a manner that caused the materials to be released into the air, soil and water. They further contend that the release caused damages to the plaintiffs. In their complaints, the plaintiffs allege strict liability for both personal injury and property damage together with gross negligence, continuing nuisance, trespass, criminal mischief and loss of consortium. The plaintiffs are seeking compensatory, punitive and treble damages. The Company has filed an answer to both complaints, denying the allegations, as well as various other motions. These cases are in the early stages of discovery and are not covered by insurance. The Company is defending itself vigorously against the lawsuits. The Partnership cannot estimate the loss, if any, associated with these pending lawsuits.

The Partnership is involved in various other claims and legal proceedings incidental to its business. In the opinion of management, these claims and legal proceedings will not have a material adverse effect on the Partnership's consolidated financial position, results of operations or cash flows.

The operations of the Partnership are subject to federal, state and local laws and regulations relating to protection of the environment. Although the Partnership believes its operations are in material compliance with applicable environmental regulations, risks of significant costs and liabilities are inherent in pipeline operations, and there can be no assurance that significant costs and liabilities will not be incurred. Moreover, it is possible that other developments, such as increasingly strict environmental laws and regulations and enforcement policies thereunder, and claims for damages to property or persons resulting from the operations of the pipeline system, could result in substantial costs and liabilities to the Partnership. The Partnership does not anticipate that changes in environmental laws and regulations will have a material adverse effect on its financial condition, results of operations or cash flows in the near term.

As of September 30, 2001, the Partnership had accrued approximately $8.3 million of costs to complete environmental remediation activity at certain sites owned by the Upstream Segment. Such amount includes $4.3 million of environmental remediation costs accrued during the third quarter of 2001. In connection with the acquisition of the Upstream Segment in November 1998, the Partnership received an indemnity from DEFS for environmental remediation costs that exceed $3.0 million, up to a maximum of $25.0 million, for certain sites that existed prior to the Partnership's operation of such properties. Approximately $2.6 million of the balance accrued as of September 30, 2001 is expected to be recovered under the indemnity. The majority of the indemnified costs relate to a crude oil site in Stephens County, Oklahoma, attributable to operations prior to the Partnership's acquisition of the Upstream Segment.

The Partnership and the Indiana Department of Environmental Management ("IDEM") have entered into an Agreed Order that will ultimately result in a remediation program for any groundwater contamination attributable to the Partnership's operations at the Seymour, Indiana, terminal. A Feasibility Study, which includes the Partnership's proposed remediation program, has been approved by IDEM. IDEM is expected to issue a Record of Decision formally approving the remediation program. After the Record of Decision has been issued, the Partnership will enter into an Agreed Order for the continued operation and maintenance of the program. The Partnership has accrued $0.2 million at September 30, 2001 for future costs of the remediation program for the Seymour terminal. In the opinion of the Company, the completion of the remediation program will not have a material adverse impact on the Partnership's financial position, results of operations or liquidity.

The Partnership received a compliance order from the Louisiana Department of Environmental Quality ("DEQ") during 1994 relative to potential environmental contamination at the Partnership's Arcadia, Louisiana facility that may be attributable to the operations of the Partnership and adjacent petroleum terminals of other companies. The Partnership and all adjacent terminals have been assigned to the Groundwater Division of DEQ, in which a consolidated plan will be developed. The Partnership has finalized a negotiated Compliance Order with DEQ that will allow the Partnership to continue with a remediation plan similar to the one previously agreed to by DEQ and implemented by the Company. In the opinion of the General Partner, the completion of the remediation program being proposed by the Partnership will not have a future material adverse impact on the Partnership.

Substantially all of the petroleum products transported and stored by the Partnership are owned by the Partnership's customers. At September 30, 2001, the Partnership had approximately 23.6 million barrels of products in its custody owned by customers. The Partnership is obligated for the transportation, storage and delivery of such products on behalf of its customers. The Partnership maintains insurance adequate to cover product losses through circumstances beyond its control.

NOTE 10. COMPREHENSIVE INCOME

The table below reconciles reported net income to total comprehensive income for the nine months ended September 30, 2001 (in thousands).

Net income	$ 87,865
Cumulative effect attributable to adoption of SFAS 133 (see Note 2. New Accounting Pronouncements)	(10,103)
Hedge accounting for derivative instruments	(16,889)
Total comprehensive income	$ 60,873

The accumulated balance of other comprehensive loss related to cash flow hedges is as follows (in thousands):

Balance at December 31, 2000	$ --
Cumulative effect of accounting change	(10,103)
Net loss on cash flow hedges	(20,928)
Reclassification adjustments	4,039
Balance at September 30, 2001	$(26,992)

NOTE 11. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Under the Partnership's shelf registration statement on Form S-3 filed with the Securities and Exchange Commission on July 27, 2001, TE Products Pipeline Company, Limited Partnership and TCTM, L.P., the Partnership's sole first-tier operating subsidiaries (the "Guarantor Subsidiaries"), may issue unconditional guarantees of senior or subordinated debt securities of the Partnership in the event that the Partnership issues such securities from time to time under the registration statement. If issued, the guarantees will be full, unconditional and joint and several. In July 2001, the Partnership restructured the ownership of the general partner interests in these first-tier operating subsidiaries to cause them to be wholly-owned by the Partnership. For purposes of the following consolidating information, the Partnership's and Guarantor Subsidiaries' investments in their respective subsidiaries are accounted for by the equity method of accounting.

	TEPPCO PARTNERS, L.P.	TEPPCO PARTNERS, L.P. SEPTEMBER 30, 2001	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
(IN THOUSANDS) Assets Current assets						
Cash and cash equivalents	$ 3,127	$ 44,867	$ 323,141	$ (11,768)	$	359,367
Property, plant and equipment - net		--	673,111	470,085	--	1,143,196
Equity investments	493,468	285,553	230,632	(739,760)		269,893
Intercompany notes receivable		830,027	--	--	(830,027)	--
Other assets	5,732	19,651	280,626	(4,915)		301,094
Total assets	$1,332,354	$1,023,182	$1,304,484	$(1,586,470)		$2,073,550
Liabilities and partners' capital Current liabilities	$ 365,767	$ 46,933	$ 673,305	$ (356,734)		$ 729,271
Long term debt	472,000	389,807	--	--		861,807
Intercompany notes payable		--	89,060	380,967	(470,027)	--
Other long term liabilities and minority interest		--	3,918	12,038		15,956
Redeemable Class B Units held by related party		--	--	--	106,270	106,270
Total partners' capital	494,587	493,464	250,212	(878,017)		360,246
Total liabilities and partners' capital	$1,332,354	$1,023,182	$1,304,484	$(1,586,470)		$2,073,550

	TEPPCO PARTNERS, L.P.	TEPPCO PARTNERS, L.P. DECEMBER 31, 2000	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
(IN THOUSANDS) Assets Current assets						
Cash and cash equivalents	$ 6,083	$ 52,773	$ 315,488	$ (10,947)	$	363,397
Property, plant and equipment - net		--	640,657	309,048	--	949,705
Equity investments	420,433	202,811	236,232	(617,828)		241,648
Intercompany notes receivable		441,836	--	--	(441,836)	--
Other assets	5,322	15,385	48,475	(1,122)		68,060
Total assets	$ 873,674	$ 911,626	$ 909,243			

$(1,071,733) $1,622,810 ========== ========== ========== ========== ========== Liabilities and partners' capital Current liabilities ..... $ 7,206 $ 45,085 $ 318,049 $ (12,069) $ 358,271 Long term debt ..... 446,000 389,784 -- -- 835,784 Intercompany notes payable ..... -- 48,037 393,799 (441,836) -- Other long term liabilities and minority interest ..... -- 3,991 -- 4,296 8,287 Redeemable Class B Units held by related party ..... 105,411 -- -- -- 105,411 Total partners' capital ..... 315,057 424,729 197,395 (622,124) 315,057 -- -------- ---------- ---------- ----- ------ ---------- Total liabilities and partners' capital ..... $ 873,674 $ 911,626 $ 909,243 $(1,071,733) $1,622,810 ========== ========== ========== ========== ==========

TEPPCO PARTNERS, L.P. CONSOLIDATING THREE MONTHS ENDED SEPTEMBER 30, 2001	TEPPCO PARTNERS, L.P.	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
	(IN THOUSANDS)				
Operating revenues	$ --	$ 58,527	$ 932,289	$ --	$ 990,816
Costs and expenses	--	36,458	927,237	--	963,695
Operating income	--	22,069	5,052	--	27,121
Interest expense - net	(8,774)	(7,181)	(7,393)	8,774	(14,574)
Equity earnings	19,092	3,868	5,941	(23,256)	5,645
Other income - net	8,774	433	564	(8,774)	997
Income before minority interest	19,092	19,189	4,164	(23,256)	19,189
Minority interest	--	--	(97)	(97)	--
Net income	$ 19,092	$ 19,189	$ 4,164	$ (23,353)	$ 19,092

TEPPCO PARTNERS, L.P. CONSOLIDATING THREE MONTHS ENDED SEPTEMBER 30, 2000	TEPPCO PARTNERS, L.P.	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
	(IN THOUSANDS)				
Operating revenues	$ --	$ 51,203	$ 698,695	$ --	

$ 749,898 Costs and expenses ..... -- 35,686 692,305 -- 727,991 ---------- ---- ------- ---------- ---- ------- ---------- Operating income ..... -- 15,517 6,390 -- 21,907 - ---------- ---------- - ---------- ---------- - ---------- Interest expense - net ..... (8,261) (6,955) (7,461) 8,261 (14,416) Equity earnings ..... 17,189 8,467 9,325 (25,656) 9,325 Other income - net ..... 8,261 335 213 (8,261) 548 ---------- -------- --- ---------- -------- --- ---------- Income before minority interest .... 17,189 17,364 8,467 (25,656) 17,364 Minority interest ..... -- -- -- (175) (175) ------ ----- ---------- ------ ----- ---------- ------ ----- ---------- ----- Net income ..... $ 17,189 $ 17,364 $ 8,467 $ (25,831) $ 17,189 ========== ========== ========== ==========

TEPPCO TEPPCO GUARANTOR NON-GUARANTOR CONSOLIDATING PARTNERS, L.P. NINE MONTHS ENDED SEPTEMBER 30, 2001 PARTNERS, L.P. SUBSIDIARIES SUBSIDIARIES ADJUSTMENTS CONSOLIDATED - --------- ---------- ---- ------------ ----- ------- ------------ -- ---------- ---------- -- (IN THOUSANDS) Operating revenues ..... $ -- $ 199,374 $ 2,650,359 $ -- $ 2,849,733 Costs and expenses ..... -- 107,712 2,625,525 -- 2,733,237 ---------- ---------- -- --------- ---------- Operating income ..... -- 91,662 24,834 -- 116,496 ---------- ---------- ---------- ---------- ---------- Interest expense - net ..... (26,577) (22,160) (23,165) 26,577 (45,325) Equity earnings ..... 87,865 18,048 15,905 (106,548) 15,270 Other income - net ..... 26,577 1,115 1,109 (26,577) 2,224 --------- -- ---------- --------- -- ---------- ---------

-- Income before minority interest .... 87,865 88,665 18,683 (106,548) 88,665 Minority interest ..... -- -- -- (800) (800) ------ ----- ----------- ------ ----- ----------- ------ ----- Net income ..... $ 87,865 $ 88,665 $ 18,683 $ (107,348) $ 87,865 ========== ========== ========== ==========

TEPPCO PARTNERS, L.P.	TEPPCO GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
NINE MONTHS ENDED SEPTEMBER 30, 2000				
(IN THOUSANDS)				
Operating revenues	$ --	$ 165,526	$ 2,082,768	$ -- $ 2,248,294
Costs and expenses	--	106,770	2,068,699	-- 2,175,469
Operating income	--	58,756	14,069	-- 72,825
Interest expense - net		(8,261)	(20,170)	(8,963) 8,261 (29,133)
Equity earnings		54,640	15,047	9,325 (69,687) 9,325
Other income - net		8,261	1,564	616 (8,261) 2,180
Income before minority interest		54,640	55,197	15,047 (69,687) 55,197
Minority interest	--	--	--	(557) (557)
Net income		$ 54,640	$ 55,197	$ 15,047 $ (70,244) $ 54,640

TEPPCO PARTNERS, L.P.	TEPPCO GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
NINE MONTHS ENDED SEPTEMBER 30, 2001				
(IN THOUSANDS)				
Cash flows from operating activities				
Net Income	$	87,865	$ 88,665	$ 18,681 $(107,346) $ 87,865
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	--	20,051	11,124	-- 31,175
Equity earnings, net of distributions		(13,340)	3,375	5,600 10,455 6,090
Changes in assets and				

liabilities and other
.....
2,601 2,822 (17,894) 799 (11,672) -------
-- --------- --------- --------- --------
- Net cash provided by operating
activities 77,126 114,913
17,511 (96,092) 113,458 --------- -------
-- --------- --------- --------- Cash
flows from investing activities
..... (446,301) (83,599)
(388,000) 446,301 (471,599) Cash flows
from financing activities .....
369,175 (34,452) 379,562 (350,209)
364,076 --------- --------- --------- ---
------ --------- Net increase (decrease)
in cash and cash equivalents
..... --
(3,138) 9,073 -- 5,935 Cash and cash
equivalents at beginning of period
.....
-- 9,167 17,929 -- 27,096 --------- -----
---- --------- --------- --------- Cash
and cash equivalents at end of period
..... $ -- $ 6,029 $ 27,002 $ -- $
33,031 ========= ========= =========
========= =========

(IN THOUSANDS)	TEPPCO PARTNERS, L.P.	TEPPCO GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ADJUSTMENTS	CONSOLIDATED
CONSOLIDATING PARTNERS, L.P. NINE MONTHS ENDED SEPTEMBER 30, 2000					
Cash flows from operating activities					
Net Income	$ 54,640	$ 55,197	$ 15,047	$ (70,244)	$ 54,640
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	--	19,053	6,687	--	25,740
Equity earnings, net of distributions	2,978	(3,233)	(8,258)	143	(8,370)
Changes in assets and liabilities and other	--	2,829	2,571	557	5,957
Net cash provided by operating activities	57,618	73,846	16,047	(69,544)	77,967
Cash flows from investing activities	--	(49,792)	--	--	(49,792)
Cash flows from financing activities	(57,618)	(31,628)	321,421	69,544	301,719
Net decrease in cash and cash equivalents	--	(7,574)	(4)	--	(7,578)
Cash and cash equivalents at beginning of period	--	16,284	16,309	--	32,593
Cash and cash equivalents at end of period	$ --	$ 8,710	$ 16,305	$ --	$ 25,015

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

GENERAL

The following information is provided to facilitate increased understanding of the 2001 and 2000 interim consolidated financial statements and accompanying notes presented in Item 1. Material period-to-period variances in the consolidated statements of income are discussed under "Results of Operations." The "Financial Condition and Liquidity" section analyzes cash flows and financial position. Discussion included in "Other Matters" addresses key trends, future plans and contingencies. Throughout these discussions, management addresses items known to it that are reasonably likely to materially affect future liquidity or earnings.

Through its ownership of the Downstream Segment, the Upstream Segment and the Midstream Segment, the Partnership operates in three segments: refined products, LPGs and petrochemical transportation; crude oil and NGLs transportation and marketing; and natural gas gathering. The Partnership's reportable segments offer different products and services and are managed separately because each requires different business strategies. On September 30, 2001, the Partnership completed the acquisition of Jonah (see Note 3. Acquisitions). The operations of Jonah include the gathering of natural gas.

The Downstream Segment is involved in the interstate transportation, storage and terminaling of petroleum products and LPGs, intrastate transportation of petrochemicals and the fractionation of NGLs. Revenues are derived from the transportation of refined products and LPGs, the storage and short-haul shuttle transportation of LPGs at the Mont Belvieu, Texas, complex, sale of product inventory and other ancillary services. Labor and electric power costs comprise the two largest operating expense items of the Downstream Segment. Higher natural gas prices increase the cost of electricity used to power pump stations on the Pipeline System. Operations are somewhat seasonal with higher revenues generally realized during the first and fourth quarters of each year. Refined products volumes are generally higher during the second and third quarters because of greater demand for gasolines during the spring and summer driving seasons. LPGs volumes are generally higher from November through March due to higher demand in the Northeast for propane, a major fuel for residential heating.

The Upstream Segment is involved in the transportation, aggregation and marketing of crude oil and NGLs; and the distribution of lube oils and specialty chemicals. Revenues are earned from the gathering, storage, transportation and marketing of crude oil and NGLs; and the distribution of lube oils and specialty chemicals, principally in Oklahoma, Texas and the Rocky Mountain region. Marketing operations consist primarily of aggregating purchased crude oil along its pipeline systems, or from third party pipeline systems, and arranging the necessary logistics for the ultimate sale of the crude oil to local refineries, marketers or other end users.

The Midstream Segment gathers natural gas in the Green River Basin in southwest Wyoming. On September 30, 2001, the Partnership acquired Jonah Gas Gathering Company from Alberta Energy Corporation (see Note 3. Acquisitions). The acquisition was accounted for under the purchase method of accounting. The results of operations of the acquisition will be included in periods subsequent to September 30, 2001.

On July 20, 2000, the Partnership completed an acquisition of assets from ARCO for $322.6 million, which included $4.1 million of acquisition related costs other than the purchase price. The purchased assets included ARCO's 50-percent voting interest in Seaway. The Partnership assumed ARCO's role as operator of this pipeline. The Company also acquired ARCO's crude oil terminal facilities in Cushing and Midland, Texas, including the line transfer and pumpover business at each location, an undivided ownership interest in both the Rancho Pipeline and the Basin Pipeline, both of which are operated by another joint owner, and the receipt and delivery pipelines known as the West Texas Trunk System, located around the Midland terminal. The transaction was accounted for under the purchase method for accounting purposes. The results of operations of assets acquired have been included in the Upstream Segment since the purchase on July 20, 2000.

RESULTS OF OPERATIONS

In October 2000, the Partnership received a settlement notice from Atlantic Richfield Company for payment of a net aggregate amount of approximately $12.9 million in post-closing adjustments related to the purchase of ARCO. A large portion of the requested adjustment related to an indemnity for payment of accrued income taxes. In August 2001, the Partnership and Atlantic Richfield Company reached a settlement of $11.0 million for the post-closing adjustments. The Partnership recorded the settlement as an increase to the purchase price of ARCO. The Partnership paid the settlement amount to Atlantic Richfield Company on October 15, 2001.

Summarized below is financial data by business segment (in thousands):

	QUARTER ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000	2001	2000
Operating revenues:				
Downstream Segment	$ 60,362	$ 53,110	$ 204,925	$ 171,176
Upstream Segment	930,454	696,788	2,644,808	2,077,118
Total operating revenues	990,816	749,898	2,849,733	2,248,294
Operating income:				
Downstream Segment	23,183	16,707	95,041	62,244
Upstream Segment	3,938	5,200	21,455	10,581
Total operating income	27,121	21,907	116,496	72,825
Net income:				
Downstream Segment	15,380	9,126	70,706	41,152
Upstream Segment				

```
.............
  3,712 8,063
17,159 13,488 -
--------- -----
----- ---------
  - ----------
   Total net
    income
 ..... $
19,092 $ 17,189
   $ 87,865 $
54,640 --------
-- ---------- -
--------- -----
     -----
```

For the quarter ended September 30, 2001, the Partnership reported net income of $19.1 million, compared with net income of $17.2 million for the 2000 third quarter. The $1.9 million increase in net income resulted from a $6.3 million increase in net income provided by the Downstream Segment, partially offset by a $4.4 million decrease in net income provided by the Upstream Segment. The increase in net income by the Downstream Segment was comprised primarily of a $7.3 million increase in operating revenues, partially offset by a $0.8 million increase in costs and expenses. The decrease in net income by the Upstream Segment was comprised of a $12.3 million increase in costs and expenses (excluding purchases of crude oil and petroleum products) and a $3.4 million decrease in equity earnings of Seaway, partially offset by a a $10.1 million increase in margin, a $0.9 million increase in other operating revenues, and a $0.4 million increase in other income - net.

For the nine months ended September 30, 2001, the Partnership reported net income of $87.9 million, compared with net income of $54.6 million for the corresponding period in 2000. The $33.3 million increase in income resulted from a $29.5 million increase in net income provided by the Downstream Segment and a $3.7 million increase in net income provided by the Upstream Segment. The increase in net income by the Downstream Segment was primarily due to a $33.7 million increase in operating revenues, partially offset by a $1.9 million increase in interest expense (net of capitalized interest), a $1.0 million increase in costs and expenses, $0.6 million in losses from equity investments, and a $0.5 million decrease in other income - net. The increase in net income by the Upstream Segment was primarily due to a $34.2 million increase in margin, a $6.6 million increase in other operating revenues, a $6.6 million increase in equity earnings of Seaway, and a $0.6 million increase in other income - net, partially offset by a $30.0 million increase in costs and expenses (excluding purchases of crude oil and petroleum products) and a $14.3 million increase in interest expense (net of capitalized interest).

RESULTS OF OPERATIONS - (CONTINUED)

DOWNSTREAM SEGMENT

Volume and average rate information for 2001 and 2000 is presented below:

	QUARTER ENDED SEPTEMBER 30,		PERCENTAGE INCREASE (DECREASE)	NINE MONTHS ENDED SEPTEMBER 30,		PERCENTAGE INCREASE (DECREASE)
	2001	2000	2001 2000	2001	2000	
	(IN THOUSANDS, EXCEPT AVERAGE RATE INFORMATION)					
VOLUMES DELIVERED						
Refined products	32,387	32,490	(4)%	92,935	97,216	(4)%
LPGs	8,864	9,058	(2)%	27,422	27,385	--
Mont Belvieu operations	5,352	5,506	(3)%	16,188	19,154	(15)%
Total	46,603	47,054	(1)%	136,545	143,755	(5)%
AVERAGE RATE PER BARREL						
Refined products	$ 0.99	$ 0.91	9%	$ 0.98(a)	$ 0.93	5%
LPGs	1.77	1.60	11%	1.98	1.75	13%
Mont Belvieu operations	0.18	.0.16	13%	0.18	0.15	20%
Average system rate per barrel	$ 1.05	$ 0.95	11%	$ 1.08	$ 0.98	10%

(a) Net of $18.9 million received from Pennzoil-Quaker State Company for canceled transportation agreement discussed below.

Refined products transportation revenues increased $2.7 million for the quarter ended September 30, 2001, compared with the prior-year quarter, due primarily to a 9% increase in the refined products average rate per barrel. The increase in the refined products average rate per barrel from the prior-year quarter was due to the approval of market based rates in April 2001, and an increased percentage of long haul volumes delivered in the Midwest. Refined products volumes delivered during the third quarter of 2001 decreased slightly compared to the prior-year quarter, due primarily to lower deliveries of methyl tertiary butyl ether ("MTBE") at the Partnership's marine terminal near Beaumont, Texas, which were largely offset by increased long haul deliveries of motor fuel and distillate in the Midwest market area.

LPGs transportation revenues increased $1.2 million for the quarter ended September 30, 2001, compared with the third quarter of 2000, due primarily to increased deliveries of propane in the upper Midwest and Northeast market areas attributable to favorable price differentials and higher demand from customers filling their storage facilities. These increases were partially offset by decreased butane deliveries in the Midwest and short-haul deliveries of propane along the upper Texas Gulf Coast. The LPGs average rate per barrel increased 11% from the prior-year quarter as a result of an increased percentage of long-haul deliveries during the third quarter of 2001.

Revenues generated from Mont Belvieu operations increased $1.0 million during the quarter ended September 30, 2001, compared with the third quarter of 2000, as a result of increased storage revenue and brine service revenue. Mont Belvieu shuttle volumes delivered decreased 3% during the third quarter of 2001, compared with the third quarter of 2000, due to reduced petrochemical demand. The Mont Belvieu average rate per barrel increased during the third quarter of 2001 as a result of reduced contract shuttle deliveries, which generally carry lower rates.

Other operating revenues increased $2.4 million during the quarter ended September 30, 2001, compared with the prior year quarter, due primarily to contract petrochemical delivery revenue, which started during the fourth quarter of 2000, and increased product sales. These increases were partially offset by

decreased product exchange revenue.

Costs and expenses increased $0.8 million for the quarter ended September 30, 2001, compared with the third quarter of 2000, primarily due to a $1.4 million increase in operating, general and administrative expenses, a

$0.3 million increase in depreciation and amortization expense, and a $0.2 million increase in operating fuel and power expense. These increases were partially offset by a $1.1 million decrease in taxes - other than income taxes. Operating, general and administrative expenses increased primarily due to increased general and administrative consulting and contract labor and increased incentive compensation accruals. The increase in depreciation expense from the prior year third quarter resulted from assets placed in service during the fourth quarter of 2000. Operating fuel and power expense increased as a result of increased long-haul product deliveries. The decrease in taxes - other than income taxes resulted from actual property taxes being lower than previously estimated.

Interest expense decreased $0.6 million for the quarter ended September 30, 2001, compared with the second quarter of 2000, as a result of reduced interest rates on borrowings under the variable-rate credit facilities. Interest capitalized decreased $0.6 million as a result of the completion of the petrochemical pipelines from Mont Belvieu, Texas, to Port Arthur, Texas, during the fourth quarter of 2000.

Net loss from equity investments totaled $0.3 million during the quarter ended September 30, 2001 due to pre-operating expenses of Centennial Pipeline, LLC ("Centennial").

For the nine months ended September 30, 2001, refined products transportation revenues increased $19.6 million, due primarily to revenue recognized on the canceled transportation agreement with Pennzoil-Quaker State Company ("Pennzoil") and the recognition of $1.7 million of previously deferred revenue related to the approval of the market based rates during the second quarter of 2001, partially offset by a 4% decrease in refined products volumes delivered. The net revenue increase related to the settlement was approximately $14.8 million during the nine months ended September 30, 2001. Jet fuel volumes delivered to the Midwest market areas decreased 14% due to reduced air travel demand and an airline pilot strike during the second quarter of 2001. Deliveries of MTBE decreased as a result of the expiration of contract deliveries to the Partnership's marine terminal near Beaumont, Texas, in April 2001. The total refined products volume decrease was partially offset by increased distillate deliveries primarily due to increased demand in the south Central market areas and deliveries at a third-party terminal in Houston, Texas. The refined products average rate per barrel increased 5% from the prior-year period primarily due to an increased percentage of long-haul volumes delivered in 2001.

LPGs transportation revenues increased $6.2 million for the nine months ended September 30, 2001, compared with the corresponding period in 2000, due primarily to increased deliveries of propane in the Midwest and Northeast market areas attributable to colder weather in the Northeast during the first quarter of 2001, favorable price differentials and higher demand from customers filling their storage facilities. Additionally, butane deliveries to the Chicago market area increased due to favorable price differentials. These increases were partially offset by decreased short-haul deliveries of propane as a result of operational problems at a petrochemical facility on the upper Texas Gulf Coast that is served by the Partnership. The LPGs average rate per barrel increased 13% from the prior-year period as a result of an increased percentage of long-haul deliveries to the upper Midwest and Northeast market areas.

Revenues generated from Mont Belvieu operations decreased $0.5 million during the nine months ended September 30, 2001, compared with the nine months ended September 30, 2000, as a result of decreased contract storage revenue, partially offset by increased brine service revenue. Mont Belvieu shuttle deliveries decreased during the nine months ended September 30, 2001, compared with the corresponding period in 2000, due to reduced petrochemical demand. The Mont Belvieu average rate per barrel increased for the nine months as a result of reduced contract deliveries which generally carry lower rates.

Other operating revenues increased $8.5 million during the nine months ended September 30, 2001, compared with the corresponding period in 2000, primarily due to contract petrochemical delivery revenue, which started during the fourth quarter of 2000, increased propane deliveries from the Partnership's Providence, Rhode Island, import facility in the first quarter of 2001, and increased product sales.

Costs and expenses increased $1.0 million for the nine months ended September 30, 2001, compared with the corresponding period in 2000, primarily due to a $2.2 million increase in operating fuel and power expense and a $1.0 million increase in depreciation and amortization expense, partially offset by a $1.2 million decrease in operating, general and administrative expenses and a $1.0 decrease in taxes - other than income taxes. Operating fuel and power expense increased as a result of higher rates charged by electric utilities. The increase in depreciation expense from the prior year period resulted from assets placed in service during the fourth quarter of 2000. Operating, general and administrative expenses decreased primarily as a result of a March 2000 write-off of project evaluation costs related to the proposed pipeline construction from Beaumont, Texas, to Little Rock, Arkansas, decreased labor costs and decreased throughput-related rental expense on volumes received through the connection with Colonial Pipeline at Beaumont, Texas. The decrease in taxes - other than income taxes resulted from actual property taxes being lower than previously estimated.

Interest expense decreased $0.1 million during the nine months ended September 30, 2001, compared with the nine months ended September 30, 2000, as a result of reduced interest rates on borrowings under the variable-rate credit facilities, largely offset by increased borrowings to fund investment in Centennial Pipeline. Interest capitalized decreased $2.0 million during the nine months ended September 30, 2001, compared with the corresponding prior year period, as a result of the completion of the petrochemical pipelines from Mont Belvieu, Texas, to Port Arthur, Texas, during the fourth quarter of 2000.

Net loss from equity investments totaled $0.6 million during the nine months ended September 30, 2001 due to pre-operating expenses of Centennial. Other income - net decreased $0.5 million during the nine months ended September 30, 2001, compared with the first nine months of 2000, due primarily to lower interest income earned on cash investments.

RESULTS OF OPERATIONS - (CONTINUED)

UPSTREAM SEGMENT

Margin of the Upstream Segment is calculated as revenues generated from the sale of crude oil and lubrication oil, and transportation of crude oil and NGLs, less the costs of purchases of crude oil and lubrication oil. Margin is a more meaningful measure of financial performance than operating revenues and operating expenses due to the significant fluctuations in revenues and expenses caused by variations in the level of marketing activity and prices for products marketed.

Margin and volume information for 2001 and 2000 is presented below (in thousands, except per barrel and per gallon amounts):

QUARTER ENDED SEPTEMBER 30,		PERCENTAGE INCREASE (DECREASE)	NINE MONTHS ENDED SEPTEMBER 30,		PERCENTAGE INCREASE (DECREASE)
2001	2000		2001	2000	
(IN THOUSANDS, EXCEPT AVERAGE RATE INFORMATION)					
Margins:					
Crude oil transportation	$ 9,119	$ 6,769 35%	$ 26,165	$ 16,496	59%
Crude oil marketing	3,625	3,863 (6)%	9,282	9,451	(2)%
Crude oil terminaling	2,831	1,849 53%	7,505	1,849	306%
NGL transportation	5,412	1,802 200%	15,853	5,142	208%
Lubrication oil sales	1,030	922 12%	3,148	2,293	37%
Seaway Crude Intercompany	3,320	--	7,490	--	--
Total margin	$ 25,337	$ 15,205 67%	$ 69,443	$ 35,231	97%
Total barrels:					
Crude oil transportation	19,795	13,016 52%	57,391	30,952	85%
Crude oil marketing	37,135	23,424 59%	109,586	75,842	44%
Crude oil terminaling	30,130	22,000 37%	87,252	22,000	297%
NGL transportation					

..... 5,828 1,422 310% 16,026 3,859 315% Lubrication oil volume (total gallons) ... 2,257 1,999 13% 6,646 5,566 19% Margin per barrel: Crude oil transportation ..... $ 0.461 $ 0.520 (11)% $ 0.456 $ 0.533 (14)% Crude oil marketing ..... 0.098 0.165 (41)% 0.085 0.125 (32)% Crude oil terminaling ..... 0.094 0.084 12% 0.086 0.084 2% NGL transportation ..... 0.929 1.267 (27)% 0.989 1.332 (26)% Lubrication oil margin (per gallon) ..... 0.456 0.461 (1)% 0.474 0.412 15%

Margin increased $10.1 million during the third quarter of 2001, compared with the third quarter of 2000. NGL transportation margin increased $3.6 million primarily due to the Panola system acquired on December 31, 2000. Seaway Crude intercompany margin of $3.3 million was attributable to volumes transported on Seaway on behalf of the Upstream Segment. Crude oil transportation margin increased $2.4 million primarily due to volumes transported on the pipeline assets acquired from Ultramar Diamond Shamrock Corporation ("UDS") on March 1, 2001, and the full quarter impact of the assets acquired from ARCO. Crude oil terminaling margin increased $1.0 million as a result of higher pumpover volumes at Midland, Texas, and Cushing, Oklahoma. These increases were partially offset by a $0.2 million decrease in crude oil marketing margin compared with the prior quarter.

Costs and expenses, excluding expenses associated with purchases of crude oil and petroleum products, increased $12.3 million during the quarter ended September 30, 2001, compared with the prior year quarter. The increase was comprised of a $9.0 million increase in operating, general and administrative expenses, a $2.2 million increase in taxes - other than income taxes, a $1.0 million increase in depreciation and amortization expense, and a

$0.1 million increase in operating fuel and power expense. The increase in operating, general and administrative expenses was primarily attributable to a $4.3 million increase in environmental costs, increased labor related costs and increased general and administrative supplies and services expense. The increase in taxes - other than income taxes, depreciation expense, and operating fuel and power were primarily due to assets acquired from UDS.

Equity earnings in Seaway Crude Pipeline Company for the quarter ended September 30, 2001, decreased $3.4 million from the quarter ended September 30, 2000, as a result of lower third-party transportation volumes.

Margin increased $34.2 million during the nine months ended September 30, 2001, compared with the corresponding period in 2000. NGL transportation margin increased $10.7 million primarily due to the Panola system acquired on December 31, 2000, partially offset by decreased volumes on the Dean and Wilcox pipeline systems in South Texas. Crude oil transportation margin increased $9.7 million primarily due to a $5.6 million increase on the ARCO assets acquired in July 2000 and higher volume on the Red River and South Texas systems, which benefited from increased regional crude oil production and pipeline assets acquired from UDS. Seaway Crude intercompany margin of $7.5 million was attributable to volumes transported on Seaway on behalf of the Upstream Segment. Crude oil terminaling margin contributed $5.7 million as a result of pumpover volumes at Midland, Texas, and Cushing, Oklahoma, related to the ARCO assets acquired in July 2000. Margin contributed from lubrication oil sales increased $0.9 million primarily due to increased volumes and increased rates on the margin realized per gallon. These increases were partially offset by a $0.2 million decrease in crude oil marketing margin compared with the prior corresponding period.

Costs and expenses, excluding expenses associated with purchases of crude oil and petroleum products, increased $30.0 million during the nine months ended September 30, 2001, compared with the corresponding prior year period, comprised of a $20.0 million increase in operating, general and administrative expenses, a $4.5 million increase in depreciation and amortization expense, a $4.5 million increase in taxes - other than income taxes, and a $1.0 million increase in operating fuel and power expense. The increase in operating, general and administrative expenses was primarily attributable to operating expenses of the acquired assets, $4.3 million of expense recorded in September 2001 for environmental remediation, increased labor related costs and increased general and administrative supplies and services expense. The increases in depreciation and amortization expense, taxes - other than income taxes, and operating fuel and power expense were primarily attributable to assets acquired.

Net income of the Upstream Segment for the nine-month period ended September 30, 2001, included $15.9 million of equity earnings in Seaway Crude Pipeline Company, which was added to the Partnership's business on July 20, 2001, with the acquired ARCO assets.

Other operating revenue of the Upstream Segment increased $0.9 million and $6.6 million for the three-month and nine-month periods ended September 30, 2001, respectively, compared with the prior year periods, attributable to revenue from documentation and other services to support customer's trading activity at Midland, Texas, and Cushing, Oklahoma. Such revenues were added to the Partnership's business on July 20, 2000, with the acquired ARCO assets.

Interest expense increased $0.3 million and $14.5 million for the three-month and nine-month periods ended September 30, 2001, respectively, compared with the prior year periods, primarily due to interest expense on the term loan and revolving credit facilities used to finance the acquisition of acquired assets.

FINANCIAL CONDITION AND LIQUIDITY

Net cash from operations for the nine months ended September 30, 2001, totaled $113.5 million, comprised of $119.0 million of income before charges for depreciation and amortization, partially offset by $5.5 million of cash used for working capital changes. This compares with cash flows from operations of $78.0 million for the corresponding period in 2000, comprised of $80.4 million of income before charges for depreciation and amortization, and $2.4 million of cash used for working capital changes. The decrease in cash from working capital changes during the nine-month period ended September 30, 2001, as compared to the corresponding period in 2000, resulted primarily from decreased accounts payable and accrued expenses at September 30, 2001. Net cash from operations for the nine months ended September 30, 2001 and 2000, included interest payments of $52.0 million and $27.7 million, respectively.

Cash flows used in investing activities during the first nine months of 2001 was comprised of $359.8 million for the purchase of Jonah Gas Gathering Company on September 30, 2001, $62.0 million of capital expenditures, $34.3 million of cash contributions for the Partnership's interest in the Centennial joint venture, and $20.0 million for the purchase of crude oil assets from UDS on March 1, 2001. These uses of cash were partially offset by $3.2 million received on matured cash investments and $1.3 million of cash received from the sale of vehicles. Cash flows used in investing activities during the first nine months of 2000 was primarily comprised of $322.6 million for the purchase of assets from ARCO, $53.3 million of capital expenditures, $7.8 million for crude oil systems purchased in North Texas, and $3.0 million of cash contributions for the Partnership's initial interest in the Centennial joint venture. These decreases were partially offset by $1.5 million of proceeds from investment maturities.

In August 2000, the Partnership announced the execution of definitive agreements with CMS Energy Corporation and Marathon Ashland Petroleum LLC to form Centennial. Centennial will own and operate an interstate refined petroleum products pipeline extending from the upper Texas Gulf Coast to Illinois. Each participant will own a one-third interest in Centennial. Centennial will build a 74-mile, 24-inch diameter pipeline connecting the Downstream Segment's facility in Beaumont, Texas, with the start of an existing 720-mile, 26-inch diameter pipeline extending from Longville, Louisiana, to Bourbon, Illinois. The pipeline will intersect the Downstream Segment's existing mainline near Creal Springs, Illinois, where a new two million barrel refined petroleum products storage terminal will be built. The Partnership expects to contribute approximately $70 million for its one-third interest in Centennial. The Partnership expects to fund its contribution through borrowings under its credit facilities. Centennial is anticipated to commence operations in the first quarter of 2002.

The Partnership estimates that capital expenditures, excluding acquisitions, for 2001 will be approximately $97 million, which includes $3 million of capitalized interest. Approximately $49 million is expected to be used to expand the Partnership's capacity to support the receipt connection point with Centennial at Beaumont, Texas, and delivery location at Creal Springs, Illinois. Approximately one-half of the remaining amount is expected to be used for revenue-generating projects, with the remaining amount to be used for life-cycle replacements and upgrading current facilities.

On July 14, 2000, the Partnership entered into a $75 million term loan and a $475 million revolving credit facility. On July 21, 2000, the Partnership borrowed $75 million under the term loan and $340 million under the revolving credit facility. The funds were used to finance the acquisition of the ARCO assets (see Note 3. Acquisitions) and to refinance existing credit facilities, other than the Senior Notes. The term loan was repaid from proceeds received from the issuance of additional Limited Partner Units on October 25, 2000. On April 6, 2001, the Partnership's $475 million revolving credit agreement was amended to permit borrowings up to $500 million and to allow for letters of credit up to $20 million. The term of the revised credit agreement was extended to April 6, 2004. Additionally, on April 6, 2001, the Partnership entered into a 364-day, $200 million revolving credit agreement. The interest rate is based on the Partnership's option of either the lender's base rate plus a spread, or LIBOR plus a spread in effect at the time of the borrowings. The credit agreements contain restrictive financial covenants that require the Partnership to maintain a minimum level of partners' capital as well as maximum debt-to-EBITDA (earnings before interest expense, income tax expense and depreciation and amortization expense) and minimum

fixed charge coverage ratios. At September 30, 2001, $472 million was outstanding under the revolving credit facility at a weighted average interest rate of 4.8%.

On July 21, 2000, the Partnership entered into a three year swap agreement to hedge its exposure on the variable rate credit facilities. On April 6, 2001 the swap agreement was extended until April 6, 2004 to match the maturity of the variable rate credit facility above. The swap agreement is based on a notional amount of $250 million. Under the swap agreement, the Partnership pays a fixed rate of interest of 6.955% and receives a floating rate based on a three month USD LIBOR rate.

During 2001, the Partnership executed treasury rate lock agreements with a combined notional amount of $400 million to hedge its exposure to increases in the treasury rate that will be used to establish the fixed interest rate for the debt offering that is probable to occur in the fourth quarter of 2001. Under the treasury rate lock agreements, the Partnership pays a fixed rate of interest, and receives a floating rate based on the three month treasury rate. The treasury rate locks are designated as cash flow hedges, therefore, the changes in fair value, to the extent the treasury rate locks are effective, are recognized in other comprehensive income until the actual debt offering occurs. Upon completion of the debt offering, the realized gain or loss on the treasury rate locks will be amortized out of accumulated other comprehensive income into interest expense over the life of the debt obligation. During April 2001, a treasury lock with a notional amount of $200 million was terminated with a realized gain of $1.1 million. The realized gain was recorded as a component of accumulated other comprehensive income. As of September 30, 2001, a notional amount of $200 million remained outstanding. The fair value of the outstanding treasury rate locks was a loss of approximately $6.0 million at September 30, 2001.

On October 4, 2001, the Partnership entered into an interest rate swap agreement to hedge its exposure to changes in the fair value of its $210 million principal amount of 7.51% fixed rate Senior Notes. The swap agreement has a notional amount of $210 million and matures in January 2028 to match the principal and maturity of the Senior Notes. Under the swap agreement, the Partnership pays a floating rate based on a three month USD LIBOR rate, plus a spread, and receives a fixed rate of interest of 7.51%.

The Partnership paid the second quarter 2001 cash distribution of $25.5 million ($0.525 per Limited Partner Unit and Class B Unit) on August 6, 2001. On October 17, 2001, the Partnership declared a cash distribution of $0.575 per Limited Partner Unit and Class B Unit for the quarter ended September 30, 2001. The distribution was paid on November 5, 2001 to Unitholders of record on October 31, 2001.

OTHER MATTERS

The operations of the Partnership are subject to federal, state and local laws and regulations relating to protection of the environment. Although the Partnership believes its operations are in material compliance with applicable environmental regulations, risks of significant costs and liabilities are inherent in pipeline operations, and there can be no assurance that significant costs and liabilities will not be incurred. Moreover, it is possible that other developments, such as increasingly strict environmental laws and regulations and enforcement policies thereunder, and claims for damages to property or persons resulting from the operations of the pipeline system, could result in substantial costs and liabilities to the Partnership. The Partnership does not anticipate that changes in environmental laws and regulations will have a material adverse effect on its financial position, results of operations or cash flows in the near term.

The Partnership and the Indiana Department of Environmental Management ("IDEM") have entered into an Agreed Order that will ultimately result in a remediation program for any groundwater contamination attributable to the Partnership's operations at the Seymour, Indiana, terminal. A Feasibility Study, which includes the Partnership's proposed remediation program, has been approved by IDEM. IDEM is expected to issue a Record of Decision formally approving the remediation program. After the Record of Decision has been issued, the Partnership will enter into an Agreed Order for the continued operation and maintenance of the program. The

Partnership has accrued $0.2 million at September 30, 2001 for future costs of the remediation program for the Seymour terminal. In the opinion of the Company, the completion of the remediation program will not have a material adverse impact on the Partnership's financial condition, results of operations or liquidity.

The Partnership received a compliance order from the Louisiana Department of Environmental Quality ("DEQ") during 1994 relative to potential environmental contamination at the Partnership's Arcadia, Louisiana facility, which may be attributable to the operations of the Partnership and adjacent petroleum terminals of other companies. The Partnership and all adjacent terminals have been assigned to the Groundwater Division of DEQ, in which a consolidated plan will be developed. The Partnership has finalized a negotiated Compliance Order with DEQ that will allow the Partnership to continue with a remediation plan similar to the one previously agreed to by DEQ and implemented by the Company. In the opinion of the General Partner, the completion of the remediation program being proposed by the Partnership will not have a future material adverse impact on the Partnership.

On May 11, 1999, the Downstream Segment filed an application with the FERC requesting permission to charge market-based rates for substantially all refined products transportation tariffs. Along with its application for market-based rates, the Downstream Segment filed a petition for waiver pending the FERC's determination on its application for market-based rates of the requirements that would otherwise have been imposed by the FERC's regulations requiring the Downstream Segment to reduce its rates in conformity with the PPI Index. On June 30, 1999, the FERC granted the waiver stating that the Downstream Segment would be required to make refunds, with interest, of all amounts collected under rates in excess of the PPI Index ceiling level after July 1, 1999, if the Downstream Segment's application for market-based rates was ultimately denied.

On July 31, 2000, the FERC issued an order granting the Downstream Segment market-based rates in certain markets and set for hearing the Downstream Segment's application for market-based rates in the Little Rock, Arkansas; Shreveport-Arcadia, Louisiana; Cincinnati-Dayton, Ohio; and Memphis, Tennessee, destination markets and the Shreveport, Louisiana, origin market. After the matter was set for hearing, the Downstream Segment and the protesting shippers entered into a settlement agreement resolving their respective differences. On April 25, 2001, the FERC issued an order approving the offer of settlement. As a result of the settlement, the Downstream Segment recognized approximately $1.7 million of previously deferred transportation revenue in the second quarter of 2001. Also, the Downstream Segment withdrew the application for market-based rates to the Little Rock, Arkansas, destination market and the Arcadia, Louisiana, destination in the Shreveport-Arcadia, Louisiana, destination market. The Partnership has made appropriate refunds of approximately $1.0 million in the third quarter of 2001.

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 requires that the purchase method of accounting be used for all business combinations and specifies that certain acquired intangible assets be reported apart from goodwill. SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. SFAS 142 requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives. The Partnership will adopt SFAS 141 immediately, and SFAS 142 effective January 1, 2002.

At September 30, 2001, the Partnership had $24.8 million of unamortized goodwill. Amortization expense related to goodwill was $0.1 million and $0.8 million for the year ended December 31, 2000 and the nine months ended September 30, 2001, respectively. The Partnership has not determined the impact of adopting SFAS 142 at the date of this report, including whether any transitional impairment losses will be required to be recognized as the cumulative effect of a change in accounting principle.

The matters discussed herein include "forward-looking statements" within the meaning of various provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this document that address activities, events or developments that the Partnership expects or anticipates will or may occur in the future, including such things as estimated future capital

expenditures (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Partnership's business and operations, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Partnership in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate under the circumstances. However, whether actual results and developments will conform with the Partnership's expectations and predictions is subject to a number of risks and uncertainties, including general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by the Partnership, competitive actions by other pipeline companies, changes in laws or regulations, and other factors, many of which are beyond the control of the Partnership. Consequently, all of the forward-looking statements made in this document are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Partnership will be realized or, even if substantially realized, that they will have the expected consequences to or effect on the Partnership or its business or operations. For additional discussion of such risks and uncertainties, see TEPPCO Partners, L.P.'s 2000 Annual Report on Form 10-K and other filings made by the Partnership with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Partnership may be exposed to market risk through changes in commodity prices and interest rates as discussed below. The Partnership has no foreign exchange risks. Risk management policies have been established by the Risk Management Committee to monitor and control these market risks. The Risk Management Committee is comprised of senior executives of the Company.

At September 30, 2001, the Downstream Segment had outstanding $180 million principal amount of 6.45% Senior Notes due 2008, and $210 million principal amount of 7.51% Senior Notes due 2028 (collectively the "Senior Notes"). At September 30, 2001, the estimated fair value of the Senior Notes was approximately $377 million.

From time to time, the Partnership has utilized and expects to continue to utilize derivative financial instruments with respect to a portion of its interest rate risks and its crude oil marketing activities to achieve a more predictable cash flow by reducing its exposure to interest rate and crude oil price fluctuations. These transactions generally are swaps and forwards and are entered into with major financial institutions or commodities trading institutions. Derivative financial instruments used in the Partnership's Upstream Segment are intended to reduce the Partnership's exposure to fluctuations in the market price of crude oil, while derivative financial instruments related to the Partnership's interest rate risks are intended to reduce the Partnership's exposure to increases in the benchmark interest rates underlying the Partnership's variable rate revolving credit facility. Through December 31, 2000, gains and losses from financial instruments used in the Partnership's Upstream Segment have been recognized in revenues for the periods to which the derivative financial instruments relate, and gains and losses from its interest rate financial instruments have been recognized in interest expense for the periods to which the derivative financial instrument relate.

Adoption of SFAS 133 at January 1, 2001 resulted in the recognition of $10.1 million of derivative liabilities, $4.1 million of which are included in current liabilities and $6.0 million of which are included in other noncurrent liabilities on the Partnership's balance sheet, and $10.1 million of hedging losses included in accumulated other comprehensive loss, a component of Partners' capital, as the cumulative effect of the change in accounting principle. The hedging losses included in accumulated other comprehensive loss will be transferred to earnings as the forecasted transactions actually occur. Approximately $4.1 million of the loss included in accumulated other comprehensive loss as of January 1, 2001 is anticipated to be transferred into earnings over the next twelve months. The cumulative effect of the accounting change had no effect on the Partnership's net income or its earnings per Unit amounts for the nine months ended September 30, 2001. Amounts were determined as of

January 1, 2001 based on quoted market values, the Partnership's portfolio of derivative instruments, and the Partnership's measurement of hedge effectiveness.

As of September 30, 2001, the Upstream Segment had open positions on option contracts it had written for 100,000 barrels of crude oil and futures contracts for the sale of 50,000 barrels of crude oil. During the nine months ended September 30, 2001, a loss of $22,500 was recognized on such contracts.

Also as of September 30, 2001, the Partnership had in place an interest rate swap agreement to hedge its exposure to increases in the benchmark interest rate underlying its variable rate revolving credit facilities. The swap agreement is based on a notional amount of $250 million. Under the swap agreement, the Partnership pays a fixed rate of interest of 6.955% and receives a floating rate based on a three month USD LIBOR rate. The interest rate swap is designated as a cash flow hedge, therefore, the changes in fair value, to the extent the swap is effective, are recognized in other comprehensive income until the hedged interest costs are recognized in earnings. During the nine month period ended September 30, 2001, the Partnership recognized $4.0 million in losses, included in interest expense, on the interest rate swap attributable to interest costs occurring in 2001. No gain or loss from ineffectiveness was required to be recognized. The fair value of the interest rate swap agreement was a loss of approximately $22.1 million at September 30, 2001. Approximately $10.1 million (inclusive of the $4.1 million related to the cumulative effect of the accounting change not yet recognized) of such amount is anticipated to be transferred into earnings over the next twelve months.

During 2001, the Partnership executed treasury rate lock agreements with a combined notional amount of $400 million to hedge its exposure to increases in the treasury rate that will be used to establish the fixed interest rate for the debt offering that is probable to occur in the fourth quarter of 2001. Under the treasury rate lock agreements, the Partnership pays a fixed rate of interest, and receives a floating rate based on the three month treasury rate. The treasury rate locks are designated as cash flow hedges, therefore, the changes in fair value, to the extent the treasury rate locks are effective, are recognized in other comprehensive income until the actual debt offering occurs. Upon completion of the debt offering, the realized gain or loss on the treasury rate locks will be amortized out of accumulated other comprehensive income into interest expense over the life of the debt obligation. During April 2001, a treasury lock with a notional amount of $200 million was terminated with a realized gain of $1.1 million. The realized gain was recorded as a component of accumulated other comprehensive income. As of September 30, 2001, a notional amount of $200 million remained outstanding. The fair value of the outstanding treasury rate locks was a loss of approximately $6.0 million at September 30, 2001.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

Exhibit Number	Description
3.1	Certificate of Limited Partnership of the Partnership (Filed as Exhibit 3.2 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).
3.2	Certificate of Formation of TEPPCO Colorado, LLC (Filed as Exhibit 3.2 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1998 and incorporated herein by reference).
3.3	Second Amended and Restated Agreement of Limited Partnership of TEPPCO Partners, L.P., dated November 30, 1998 (Filed as Exhibit 3.3 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1998 and incorporated herein by reference).
3.4	Amended and Restated Agreement of Limited Partnership of TE Products Pipeline Company, Limited Partnership, effective July 21, 1998 (Filed as Exhibit 3.2 to Form 8-K of TEPPCO Partners, L.P. (Commission File No. 1- 10403) dated July 21, 1998 and incorporated herein by reference).
3.5	Agreement of Limited Partnership of TCTM, L.P., dated November 30, 1998 (Filed as Exhibit 3.5 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1998 and incorporated herein by reference).
3.6	Contribution, Assignment and Amendment Agreement among TEPPCO Partners, L.P., TE Products Pipeline Company, Limited Partnership, TCTM, L.P., Texas Eastern Products Pipeline Company, LLC, and TEPPCO GP, Inc., dated July 26, 2001 (Filed as Exhibit 3.6 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended June 30, 2001 and incorporated herein by reference).
3.7*	Third Amended and Restated Agreement of Limited Partnership of TEPPCO Partners, L.P., dated September 21, 2001.
3.8*	Second Amended and Restated Agreement of Limited Partnership of TE Products Pipeline Company, Limited Partnership, dated September 21, 2001.
3.9*	Amended and Restated Agreement of Limited Partnership of TCTM, L.P., dated September 21, 2001.
3.10*	Agreement of Limited Partnership of TEPPCO Midstream Companies, L.P., dated September 24, 2001.
4.1	Form of Certificate representing Limited Partner Units (Filed as Exhibit 4.1 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).
4.2	Form of Indenture between TE Products Pipeline Company, Limited Partnership and The Bank of New York, as Trustee, dated as of January 27, 1998 (Filed as Exhibit 4.3 to TE Products Pipeline Company, Limited Partnership's Registration Statement on Form S-3 (Commission File No. 333-38473) and incorporated herein by reference).
4.3	Form of Certificate representing Class B Units (Filed as Exhibit 4.3 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1998 and incorporated herein by reference).

EXHIBITS AND REPORTS ON FORM 8-K - (CONTINUED)

10.1+	Texas Eastern Products Pipeline Company 1997 Employee Incentive Compensation Plan executed on July 14, 1997 (Filed as Exhibit 10 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended September 30, 1997 and incorporated herein by reference).
10.2+	Texas Eastern Products Pipeline Company Management Incentive Compensation Plan executed on January 30, 1992 (Filed as Exhibit 10 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1992 and incorporated herein by reference).
10.3+	Texas Eastern Products Pipeline Company Long-Term Incentive Compensation Plan executed on October 31, 1990 (Filed as Exhibit 10.9 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1990 and incorporated herein by reference).
10.4+	Form of Amendment to Texas Eastern Products Pipeline Company Long-Term Incentive Compensation Plan (Filed as Exhibit 10.7 to the Partnership's Form 10-K (Commission File No. 1-10403) for the year ended December 31, 1995 and incorporated herein by reference).
10.5+	Duke Energy Corporation Executive Savings Plan (Filed as Exhibit 10.7 to the Partnership's Form 10-K (Commission File No. 1-10403) for the year ended December 31, 1999 and incorporated herein by reference).
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10.9+	Texas Eastern Products Pipeline Company 1994 Long Term Incentive Plan executed on March 8, 1994 (Filed as Exhibit 10.1 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1994 and incorporated herein by reference).
10.10+	Texas Eastern Products Pipeline Company 1994 Long Term Incentive Plan, Amendment 1, effective January 16, 1995 (Filed as Exhibit 10.12 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended June 30, 1999 and incorporated herein by reference).
10.11	Asset Purchase Agreement between Duke Energy Field Services, Inc. and TEPPCO Colorado, LLC, dated March 31, 1998 (Filed as Exhibit 10.14 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1998 and incorporated herein by reference).
10.12	Contribution Agreement between Duke Energy Transport and Trading Company and TEPPCO Partners, L.P., dated October 15, 1998 (Filed as Exhibit 10.16 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1998 and incorporated herein by reference).
10.13	Guaranty Agreement by Duke Energy Natural Gas Corporation for the benefit of TEPPCO Partners, L.P., dated November 30, 1998, effective November 1, 1998 (Filed as Exhibit 10.17 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1998 and incorporated herein by reference).
10.14	Letter Agreement regarding Payment Guarantees of Certain Obligations of TCTM, L.P. between Duke Capital Corporation and TCTM, L.P., dated November 30, 1998 (Filed as Exhibit 10.19 to Form 10-K of TEPPCO Partners, L.P. (Commission File No.

1-10403) for the year ended December 31, 1998 and incorporated herein by reference).

10.15+	Form of Employment Agreement between the Company and Ernest P. Hagan, Thomas R. Harper, David L. Langley, Charles H. Leonard and James C. Ruth, dated December 1, 1998 (Filed as Exhibit 10.20 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1998 and incorporated herein by reference).
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10.17	Services and Transportation Agreement between TE Products Pipeline Company, Limited Partnership and Fina Oil and Chemical Company, BASF Corporation and BASF Fina Petrochemical Limited Partnership, dated February 9, 1999 (Filed as Exhibit 10.22 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1999 and incorporated herein by reference).
10.18	Call Option Agreement, dated February 9, 1999 (Filed as Exhibit 10.23 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1999 and incorporated herein by reference).
10.19+	Texas Eastern Products Pipeline Company Retention Incentive Compensation Plan, effective January 1, 1999 (Filed as Exhibit 10.24 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1999 and incorporated herein by reference).
10.20+	Form of Employment and Non-Compete Agreement between the Company and J. Michael Cockrell effective January 1, 1999 (Filed as Exhibit 10.29 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended September 30, 1999 and incorporated herein by reference).
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10.22+	Texas Eastern Products Pipeline Company Non-employee Directors Deferred Compensation Plan, effective November 1, 1999 (Filed as Exhibit 10.31 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended September 30, 1999 and incorporated herein by reference).
10.23+	Texas Eastern Products Pipeline Company Phantom Unit Retention Plan, effective August 25, 1999 (Filed as Exhibit 10.32 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended September 30, 1999 and incorporated herein by reference).
10.24	Credit Agreement between TEPPCO Partners, L.P., SunTrust Bank, and Certain Lenders, dated July 14, 2000 (Filed as Exhibit 10.31 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended June 30, 2000 and incorporated herein by reference).
10.25	Amended and Restated Purchase Agreement By and Between Atlantic Richfield Company and Texas Eastern Products Pipeline Company With Respect to the Sale of ARCO Pipe Line Company, dated as of May 10, 2000. (Filed as Exhibit 2.1 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 2000 and incorporated herein by reference).
10.26+	Texas Eastern Products Pipeline Company, LLC 2000 Long Term Incentive Plan, Amendment and Restatement, effective January 1, 2000 (Filed as Exhibit 10.28 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 2000 and incorporated herein by reference).

10.27+	TEPPCO Supplemental Benefit Plan, effective April 1, 2000 (Filed as Exhibit 10.29 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 2000 and incorporated herein by reference).
10.28+	Employment Agreement with Barry R. Pearl (Filed as Exhibit 10.30 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 2001 and incorporated herein by reference).
10.29	Amended and Restated Credit Agreement among TEPPCO Partners, L. P. as Borrower, SunTrust Bank as Administrative Agent and LC Issuing Bank, and Certain Lenders, dated as of April 6, 2001 ($500,000,000 Revolving Facility) (Filed as Exhibit 10.31 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 2001 and incorporated herein by reference).
10.30	Credit Agreement among TEPPCO Partners, L. P. as Borrower, SunTrust Bank as Administrative Agent, and Certain Lenders, dated as of April 6, 2001 ($200,000,000 Revolving Facility) (Filed as Exhibit 10.32 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 2001 and incorporated herein by reference).
10.31*	Purchase and Sale Agreement By and Among Green River Pipeline, LLC and McMurry Oil Company, Sellers, and TEPPCO Partners, L.P., Buyer, dated as of September 7, 2000.
10.32*	Credit Agreement Among TEPPCO Partners, L.P. as Borrower, SunTrust Bank, as Administrative Agent and Certain Lenders, dated as of September 28, 2001 ($400,000,000 Term Facility).
10.33*	Amendment 1, dated as of September 28, 2001, to the Amended and Restated Credit Agreement among TEPPCO Partners, L. P. as Borrower, SunTrust Bank as Administrative Agent and LC Issuing Bank, and Certain Lenders, dated as of April 6, 2001 ($500,000,000 Revolving Facility).
10.34*	Amendment 1, dated as of September 28, 2001, to the Credit Agreement among TEPPCO Partners, L. P. as Borrower, SunTrust Bank as Administrative Agent, and Certain Lenders, dated as of April 6, 2001 ($200,000,000 Revolving Facility).
12.1*	Statement of Computation of Ratio of Earnings to Fixed Charges.
22.1	Subsidiaries of the Partnership (Filed as Exhibit 22.1 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).

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* Filed herewith.

\+ A management contract or compensation plan or arrangement.

(b) Reports on Form 8-K filed during the quarter ended September 30, 2001:

A report on Form 8-K was filed on July 27, 2001, pursuant to Item 5 and Item 7 of such form.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on its behalf by the undersigned duly authorized officer and principal financial officer.

TEPPCO Partners, L.P.
(Registrant)

By: Texas Eastern Products Pipeline Company, LLC, as General Partner

/s/ WILLIAM L. THACKER

William L. Thacker
Chief Executive Officer

/s/ CHARLES H. LEONARD

Charles H. Leonard
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 8, 2001

INDEX TO EXHIBITS

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10.30	Credit

Agreement among TEPPCO Partners, L. P. as Borrower, SunTrust Bank as Administrative Agent, and Certain Lenders, dated as of April 6, 2001 ($200,000,000 Revolving Facility) (Filed as Exhibit 10.32 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 2001 and incorporated herein by reference). 10.31* Purchase and Sale Agreement By and Among Green River Pipeline, LLC and McMurry Oil Company, Sellers, and TEPPCO Partners, L.P., Buyer, dated as of September 7, 2000. 10.32* Credit Agreement Among TEPPCO Partners, L.P. as Borrower, SunTrust Bank, as Administrative Agent and Certain Lenders, dated as of September 28, 2001 ($400,000,000 Term Facility). 10.33* Amendment 1, dated as of September 28, 2001, to the Amended and Restated Credit Agreement among TEPPCO Partners, L. P. as Borrower, SunTrust Bank as Administrative Agent and LC Issuing Bank, and Certain Lenders, dated as of

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22.1 Subsidiaries of the Partnership (Filed as Exhibit 22.1 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).

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* Filed herewith.

\+ A management contract or compensation plan or arrangement.

EXHIBIT 3.7

THIRD AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

TEPPCO PARTNERS, L.P.

September 21, 2001

TABLE OF CONTENTS

THIRD AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
TEPPCO PARTNERS, L.P.

THIS THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF TEPPCO PARTNERS, L.P., dated as of September 21, 2001, is entered into by and among Texas Eastern Products Pipeline Company, LLC, a Delaware limited liability company (the "Company"), as the General Partner, and the Limited Partners of the Partnership, as hereinafter provided.

WHEREAS, the General Partner and the other parties thereto entered into that certain Agreement of Limited Partnership of the Partnership dated as of March 7, 1990 (the "1990 Agreement"); and

WHEREAS, the General Partner, acting pursuant to Section 15.1 of the 1990 Agreement, amended and restated the 1990 Agreement, and such amendment and restatement was evidenced by that certain Amended and Restated Agreement of Limited Partnership of TEPPCO Partners, L.P. dated as of July 21, 1998 (the "July 1998 Agreement"); and

WHEREAS, the General Partner, acting pursuant to Sections 4.1 and 15.1 of the July 1998 Agreement, amended and restated the July 1998 Agreement to create a class of LP Units designated the "Class B Units," and to fix the preferences and relative, participating, optional and other special rights, powers and duties appertaining to the Class B Units, and such amendment and restatement was evidenced by that certain Second Amended and Restated Agreement of Limited Partnership of TEPPCO Partners, L.P. dated as of November 30, 1998 (the "November 1998 Agreement"); and

WHEREAS, the General Partner and the other parties thereto entered into that certain Contribution, Assignment and Amendment Agreement dated as of July 26, 2001 (the "Contribution Agreement"), pursuant to which the General Partner transferred its general partner interests in TE Products Pipeline Company, Limited Partnership ("TE Products") and TCTM, L.P. ("TCTM") to the Operating General Partner (as defined herein) and pursuant to which the Operating General Partner became the general partner of TE Products and TCTM; and

WHEREAS, pursuant to the authority granted to the General Partner in the 1990 Agreement, the July 1998 Agreement and the November 1998 Agreement, the General Partner desires (i) to amend the November 1998 Agreement to more fully reflect the transactions contemplated and the amendments made by the Contribution Agreement, and (ii) to restate the November 1998 Agreement as so amended; and

WHEREAS, Section 15.1 of the November 1998 Agreement permits the General Partner, without the approval of any Limited Partner or Assignee, to amend the November 1998 Agreement to effect the intent hereof;

NOW, THEREFORE, the General Partner does hereby amend and restate the November 1998 Agreement to provide, in its entirety, as follows:

ARTICLE 1 - ORGANIZATIONAL MATTERS

1.1 Continuation. The General Partner and the Limited Partners hereby continue the Partnership as a limited partnership pursuant to the provisions of the Delaware Act. Except as expressly provided to the contrary in this Agreement, the rights and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. The Partnership Interest of each Partner shall be personal property for all purposes.

1.2 Name. The name of the Partnership shall be "TEPPCO Partners, L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner, including, without limitation, the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to Limited Partners. Notwithstanding the foregoing, unless otherwise permitted by PEC and Duke, the Partnership shall change its name to a name not including "TEPPCO," "Texas Eastern", "PanEnergy" or "Duke" and shall cease using the name TEPPCO," "Texas Eastern," "PanEnergy", "Duke" or other names or symbols associated therewith at such time as neither Texas Eastern Products Pipeline Company nor another Affiliate of PanEnergy or Duke is the general partner of the Partnership.

1.3 Registered Office; Principal Office. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at The Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801 and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership and the address of the General Partner shall be 2929 Allen Parkway, Houston, Texas 77019-2119, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

1.4 Power of Attorney.

(a) Each Limited Partner and each Assignee hereby constitutes and appoints each of the General Partner and, if a Liquidator shall have been selected pursuant to Section 14.2, the Liquidator severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate of Limited Partnership and all amendments or restatements thereof) that the General Partner or the Liquidator deems necessary

or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including, without limitation, conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article 11, 12, 13 or 14 or the Capital Contribution of any Partner; (E) all certificates, documents and other instruments relating to the determination of the rights preferences and privileges of any class or series of LP Units or other securities issued pursuant to Section 4.1; and (F) all certificates, documents and other instruments (including, without limitation, agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article 16; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates and other instruments necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when required by Section 15.3 or any other provision of this Agreement that establishes a percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner or the Liquidator may exercise the power of attorney made in this Section 1.4(a)(ii) only after the necessary vote, consent or approval of the Limited Partners or of the Limited Partners of such class or series.

Nothing contained in this Section 1.4 shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article 15, or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

1.5 Term. The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2084, or until the earlier termination of the Partnership in accordance with the provisions of Article 14.

1.6 Possible Restrictions on Transfer. Notwithstanding anything to the contrary contained in this Agreement, in the event of (i) the enactment (or imminent enactment) of any legislation, (ii) the publication of any temporary or final regulation by the Treasury Department ("Treasury Regulation"), (iii) any ruling by the Internal Revenue Service or (iv) any judicial decision, that, in any such case, in the Opinion of Counsel, would result in the taxation of the Partnership for federal income tax purposes as a corporation or would otherwise subject the Partnership to being taxed as an entity for federal income tax purposes, then, either (a) the General Partner may impose such restrictions on the transfer of LP Units of Partnership Interests as may be required, in the Opinion of Counsel, to prevent the Partnership from being taxed as a corporation or otherwise as an entity for federal income tax purposes, including, without limitation, making any amendments to this Agreement as the General Partner in its sole discretion may determine to be necessary or appropriate to impose such restrictions, provided, that any such amendment to this Agreement that would result in the delisting or suspension of trading of the Units on any National Securities Exchange on which the Units are then traded must be approved by the holders of at least 66 2/3% of the Outstanding Units, voting as a separate class or (b) upon the recommendation of the General Partner and the approval of the holders of at least 66 2/3% of the Outstanding LP Units, the Partnership may be converted into and reconstituted as a trust or any other type of legal entity (the "New Entity") in the manner and on other terms so recommended and approved. In such event, the business of the Partnership shall be continued by the New Entity and the LP Units shall be converted into equity interests of the New Entity in the manner and on the terms so recommended and approved. Notwithstanding the foregoing, no such reconstitution shall take place unless the Partnership shall have received an Opinion of Counsel to the effect that the liability of the Limited Partners for the debts and obligations of the New Entity shall not, unless such Limited Partners take part in the control of the business of the New Entity, exceed that which otherwise had been applicable to such Limited Partners as limited partners of the Partnership under the Delaware Act.

ARTICLE 2 - DEFINITIONS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.3 and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-2(g)(i) and 1.701-2(i)(5) to be allocated to such Partner in subsequent years under items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-2(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply

with the provisions of Treasury Regulation Section 1.704-(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.3(d)(i) or 4.3(d)(ii).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 5.1 including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; and the General Partner shall, in its sole discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties conveyed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this Third Amended and Restated Agreement of Limited Partnership of TEPPCO Partners, L.P., as it may be amended, supplemented or restated from time to time.

"Assignee" means a Non-citizen Assignee or a Person to whom one or more LP Units have been transferred in a manner permitted under this Agreement and who has executed and delivered a Transfer Application as required by this Agreement, but who has not become a Substituted Limited Partner.

"Available Cash" has the meaning assigned to such term in Section 5.6(a).

"Book-Tax Disparity" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 4.3 and the hypothetical balance of such Partner's Capital account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States or the States of Texas or New York shall not be regarded as a Business Day.

"Capital Account" means the capital account maintained for a Partner or Assignee pursuant to Section 4.3.

"Capital Contribution" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner has contributed or may contribute to the Partnership pursuant to Section 4.1 or 13.3(c).

"Carrying Value" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' and Assignees' Capital Accounts, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 4.3(d)(i) and 4.3(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Cash from Interim Capital Transactions" has the meaning assigned to such term in Section 5.6(b).

"Cash from Operations" has the meaning assigned to such term in Section 5.6(c).

"Cause" means a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as general partner of the Partnership.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 6.2 hereof, as such Certificate may be amended and/or restated from time to time.

"Citizenship Certification" means a properly completed certificate in such form as may be specified by the General Partner by which an Assignee or a Limited Partner certifies that he (and if he is a nominee holding for the account of another Person, that to the best of his knowledge such other Person) is an Eligible Citizen.

"Class B Unit" means one of that certain class of LP Units with those special rights and obligations specified in this Agreement as being appurtenant to a "Class B Unit".

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.3(d)(i), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Contributing Partner" means each Partner contributing a Contributed Property.

"Contribution Agreement" has the meaning assigned to such term in the recitals hereto.

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 5.1(d)(ix).

"Current Market Price" has the meaning assigned to such term in Section 17.1(a).

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et. seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Interest" has the meaning assigned to such term in Section 13.3(a).

"Departing Partner" means a former General Partner, from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 13.1 or Section 13.2.

"Duke" means Duke Energy Corporation, a Delaware corporation.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(1).

"Eligible Citizen" means a Person qualified to own interests in real property in jurisdictions in which the Partnership or any Subsidiary does business or proposes to do business from time to time, and whose status as a Limited Partner or Assignee does not or would not subject the Partnership or any Subsidiary to a substantial risk of cancellation or forfeiture of any of its properties or any interest therein.

"Event of Withdrawal" has the meaning assigned to such term in Section 13.1(a).

"Exchange Act" means the Securities Exchange Act of 1934 as amended, supplemented or restated from time to time, and any successor to such statute.

"First Liquidation Target Amount" has the meaning assigned to such term in Section 5.1(c)(i)(D).

"First Target Distribution" has the meaning assigned to such term in Section 5.6(d).

"General Partner" means Texas Eastern Products Pipeline Company, LLC, a Delaware limited liability company, and its successors as general partner of the Partnership.

"General Partner Equity Value" means, as of any date of determination, the fair market value of the General Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt; provided, however, if any such valuation occurs at a time that the General Partner holds LP Units, such LP Units must be taken into account in determining the General Partner Equity Value.

"Indemnitee" means the General Partner, any Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person, including the Operating General Partner.

"Initial Offering" means the initial offering of Units to the public, as described in the Registration Statement.

"Initial Unit Price" means $20 per LP Unit.

"Interim Capital Transactions" has the meaning assigned to such term in Section 5.6(e).

"Issue Price" means $18.62 per LP Unit.

"Limited Partner" means each initial Limited Partner, each Substituted Limited Partner, each Additional Limited Partner and any Departing Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 13.3 and, solely for purposes of Articles 4, 5 and 6 and Sections 14.3 and 14.4, shall include an Assignee.

"Limited Partner Equity Value" means, as of any date of determination, the amount equal to the product obtained by multiplying (a) the total number of LP Units Outstanding (immediately prior to an issuance of LP Units or distribution of cash or Partnership property), other than LP Units held by the General Partner by (b)(i) in the case of a valuation required by Section 4.3(d)(i) (other than valuations caused by sales of a de minimis quantity of LP Units), the Issue Price of the additional LP Units referred to in Section 4.3(d)(i) or (ii) in the case of a valuation required by Section 4.3(d)(ii) (or a valuation required by Section 4.3(d)(i) caused by sales of a de minimis quantity of LP Units), the Closing Price.

"Liquidator" means the General Partner or other Person approved pursuant to Section 14.3 who performs the functions described therein.

"LP Unit" means a Partnership Interest of a Limited Partner or Assignee in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and Assignees, and includes Units and Class B Units.

"LP Unit Certificate" means a certificate in such form as may be adopted from time to time by the General Partner in its sole discretion, issued by the Partnership evidencing ownership of one or more LP Units of the class designated in such certificate.

"Mandatory Redemption Notice" has the meaning assigned to such term in Section 4.9(b).

"Merger Agreement" has the meaning assigned to such term in Section 16.1.

"Minimum Gain Attributable to Partner Nonrecourse Debt" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(i)(3).

"Minimum Quarterly Distribution" has the meaning assigned to such term in Section 5.6(f).

"National Securities Exchange" means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Exchange Act.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner or Assignee by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 4.3(d)(ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner or Assignee upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.3(b) and shall not include any items specially allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.3(b) and shall not include any items specifically allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Termination Gain" has the meaning assigned to such term in Section 5.6(g).

"Net Termination Loss" has the meaning assigned to such term in Section 5.6(h).

"New Entity" has the meaning assigned to such term in Section 1.6.

"Non-citizen Assignee" means a Person who the General Partner has determined in its sole discretion does not constitute an Eligible Citizen and as to whose Partnership Interest the General Partner has become the Substituted Limited Partner, pursuant to Section 11.5.

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Non-recourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to

Sections 5.2(b)(i)(A), 5.2(b)(ii)(A) or 5.2(b)(iv) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Sections 1.704-2(b)(1) and 1.704-2(c), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(3).

"Notice of Election to Purchase" has the meaning assigned to such term in Section 17.1(b).

"Notice of Intent to Convert" has the meaning assigned to such term in Section 4.9(b).

"Operating General Partner" means TEPPCO GP, Inc., a Delaware corporation and wholly owned subsidiary of the Partnership, and any successors and permitted assigns as the general partner of the Operating Partnerships.

"Operating Partnerships" means TE Products Pipeline Company, Limited Partnership, a Delaware limited partnership, TCTM, L.P., a Delaware limited partnership, and such other Persons that are treated as partnerships for federal income tax purposes and that are majority-owned directly by the Partnership and controlled by the Partnership (whether by direct or indirect ownership of the general partner of such Person or otherwise) and established or acquired for the purpose of conducting the business of the Partnership.

"Operating Partnership Agreements" means the agreements of limited partnership of any Operating Partnership that is a limited partnership, or any limited liability company agreement of any Operating Partnership that is a limited liability company that is treated as a partnership for federal income tax purposes, as such may be amended, supplemented or restated from time to time.

"Opinion of Counsel" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner) acceptable to the General Partner.

"Outstanding" means all LP Units or other Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination.

"Partner" means a General Partner or a Limited Partner and, solely for purposes of Articles 4, 5 and 6 and Sections 14.3 and 14.4, shall include an Assignee.

"Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in

accordance with the principles of Treasury Regulation Sections 1.704-2(i)(1) and 1.704-2(i)(2), are attributable to a Partner Nonrecourse Debt.

"Partnership" means TEPPCO Partners, L.P., a Delaware limited partnership, and any successor thereto.

"Partnership Inception" means March 7, 1990.

"Partnership Interest" means the interest of a Partner in the Partnership, which, in the case of a Limited Partner or an Assignee, shall be expressed in terms of LP Units.

"Partnership Minimum Gain" means the amount determined in accordance with the principles of Treasury Regulation Sections 1.704-2(b)(2) and 1.704-2(d).

"Partnership Securities" has the meaning assigned to such term in Section 4.1(b).

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"PEC" means PanEnergy Corp., a Delaware corporation.

"Per LP Unit Capital Account" means, as of any date of determination, the Capital Account, stated on a per LP Unit basis, underlying any LP Unit held by a Unitholder.

"Percentage Interest" means as of the date of such determination (a) as to the General Partner, 1.999999% and (b) as to any Limited Partner or Assignee holding LP Units, the product of (i) 98.000001% multiplied by (ii) the quotient of (x) the number of LP Units held by such Limited Partner or Assignee divided by (y) the total number of all LP Units then Outstanding; provided, however, that following any issuance of additional LP Units by the Partnership in accordance with Section 4.1 hereof, proper adjustment shall be made to the Percentage Interest represented by each LP Unit to reflect such issuance.

"Person" means an individual or a corporation, partnership, limited liability company, trust, unincorporated organization, association or other entity.

"Purchase Date" means the date determined by the General Partner as the date for purchase of all Outstanding LP Units (other than LP Units owned by the General Partner and its Affiliates) pursuant to Article 17.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Sections 734 or 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Record Date" means the date established by the General Partner for determining (a) the identity of Limited Partners (or Assignees if applicable) entitled income to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of

Limited Partners, or (b) the identity of Record Holders entitled to receive any report or distribution.

"Record Holder" means the Person in whose name an LP Unit is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day.

"Redeemable LP Units" means any LP Units for which a redemption notice has been given, and has not been withdrawn, under Section 11.6.

"Registration Statement" means the Registration Statement on Form S-1 (Registration No. 33-32203), as it may have been amended or supplemented from time to time, filed by the Partnership with the Securities and Exchange Commission under the Securities Act to register the offering and sale of the Units in the Initial Offering.

"Required Allocations" means any allocation (or limitation imposed on any allocation) of an item of income, gain, deduction or loss pursuant to (a) the proviso clause of Section 5.1(b)(ii) or (b) Sections 5.1(d)(i), 5.1(d)(ii), 5.1(d)(iii), 5.1(d)(iv), 5.1(d)(v), 5.1(d)(vi) and 5.1(d)(viii), such allocations (or limitations thereon) being directly or indirectly required by the Treasury Regulations promulgated under Section 704(b) of the Code.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Sections 5.2(b)(i)(A) or 5.2(b)(ii)(A), respectively, to eliminate Book-Tax Disparities.

"Second Liquidation Target Amount" has the meaning assigned to such term in Section 5.1(c)(i)(E).

"Second Target Distribution" has the meaning assigned to such term in Section 5.6(i).

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Subsidiary" means a Person controlled by the Partnership directly, or indirectly though one or more intermediaries, including without limitation the Operating Partnerships and the Operating General Partner.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 12.1 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 16.2(b).

"Termination Capital Transaction" has the meaning assigned to such term in Section 5.6(j).

"Trading Day" has the meaning assigned to such term in Section 17.1(a).

"Transfer Agent" means such bank, trust company or other Person (including, without limitation, the General Partner or one of its Affiliates) as shall be appointed from time to time by the Partnership to act as registrar and transfer agent for the Units.

"Transfer Application" means an application and agreement for transfer of LP Units in the form set forth on the back of an LP Unit Certificate or in a form substantially to the same effect in a separate instrument.

"Unit" means one of that certain class of LP Units with those special rights and obligations specified in this Agreement as being appurtenant to a "Unit".

"Unitholder" means a Person who holds LP Units.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 4.3(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.3(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.3(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 4.3(d)).

"Unrecovered Capital" means, at any time, with respect to an LP Unit (whether such LP Unit was issued in the Initial Offering or thereafter), the Initial Unit Price, less the sum of all distributions theretofore made in respect of a Unit issued in the Initial Offering constituting, and which for purposes of determining the priority of such distribution is treated as constituting, Cash from Interim Capital Transactions and of any distributions of cash (or the Net Agreed Value of any distributions in kind) in connection with the dissolution and liquidation of the Partnership theretofore made in respect of a Unit issued in the Initial Offering.

ARTICLE 3 - PURPOSE

3.1 Purpose and Business. The purpose and nature of the business to be conducted by the Partnership shall be (i) to serve as a partner in the Operating Partnerships and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership as a partner in the Operating Partnerships pursuant to the Operating Partnership Agreements or otherwise, (ii) to serve as the sole stockholder of the Operating General Partner and, in connection therewith, to exercise on behalf of the Partnership all the rights and powers held by the Partnership as the sole stockholder of the Operating General Partner (iii) to engage directly in, or to enter into any partnership, joint venture or similar arrangement to engage in, any business activity that may be lawfully conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (iv) to do anything necessary or appropriate to the foregoing (including, without limitation, the making of capital contributions or loans to any Subsidiary or in connection with its involvement in the activities referred to in clause (iii) of this sentence), and (v) to engage in any other business activity as permitted under Delaware law.

3.2 Powers. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 3.1 and for the protection and benefit of the Partnership.

ARTICLE 4 - CAPITAL CONTRIBUTIONS

4.1 Issuances of LP Units and Other Securities.

(a) The initial Capital Contributions of the General Partner and the initial Limited Partners were made in accordance with Section 4.3 of the 1990 Agreement.

(b) The General Partner is hereby authorized to cause the Partnership to issue, in addition to the Units heretofore issued by the Partnership, such additional LP Units, or classes or series thereof, or options, rights, warrants or appreciation rights relating thereto, or any other type of equity security that the Partnership may lawfully issue, any unsecured or secured debt obligations of the Partnership or debt obligations of the Partnership convertible into any class or series of equity securities of the Partnership (collectively, "Partnership Securities"), for any Partnership purpose, at any time or from time to time, to the Partners or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion, all without the approval of any Limited Partners. The General Partner shall have sole discretion, subject to the guidelines set forth in this Section 4.1 and the requirements of the Delaware Act, in determining the consideration and terms and conditions with respect to any future issuance of Partnership Securities.

(c) Notwithstanding any provision of this Agreement to the contrary, additional Partnership Securities to be issued by the Partnership pursuant to this Section 4.1 shall be issuable from time to time in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including, without limitation, rights, powers and duties senior to existing classes and series of Partnership Securities, all as shall be fixed by the General Partner in the exercise of its sole and complete discretion, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Securities; (ii) the right of each such class or series of Partnership Securities to share in Partnership distributions; (iii) the rights of each such class or series of Partnership Securities upon dissolution and liquidation of the Partnership; (iv) whether such class or series of additional Partnership Securities is redeemable by the Partnership and, if so, the price at which, and the terms and conditions upon which, such class or series of additional Partnership Securities may be redeemed by the Partnership; (v) whether such class or series of additional Partnership Securities is issued with the privilege of conversion and, if so, the rate at which, and the terms and conditions upon which, such class or series of Partnership Securities may be converted into any other class or series of Partnership Securities; (vi) the terms and conditions upon which each such class or series of Partnership Securities will be issued, evidenced by LP Unit Certificates and assigned or transferred; and (vii) the right, if any, of each such class or series of Partnership Securities to vote on Partnership matters, including, without limitation, matters relating to the relative rights, preferences and privileges of each such class or series.

(d) Upon the issuance of any LP Units by the Partnership, the General Partner shall be required to make additional Capital Contributions to the Partnership such that the General Partner shall at all times have a balance in its Capital Account equal to 1.999999% of the total positive Capital Account balances of all Partners.

(e) The General Partner is hereby authorized and directed to take all actions that it deems necessary or appropriate in connection with each issuance of LP Units or other Partnership Securities pursuant to Section 4.1(b) and to amend this Agreement in any manner that it deems necessary or appropriate to provide for each such issuance, to admit Additional Limited Partners in connection therewith and to specify the relative rights, powers and duties of the holders of the LP Units or other Partnership Securities being so issued.

(f) The General Partner is authorized to cause the issuance of Partnership Securities pursuant to any employee benefit plan for the benefit of employees responsible for the operations of the Partnership or any Subsidiary maintained or sponsored by the General Partner, the Partnership, any Subsidiary or any Affiliate of any of them.

(g) The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with any future issuance of Partnership Securities, including, without limitation, compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any National Securities Exchange on which the LP Units or other Partnership Securities are listed for trading.

4.2 Limited Preemptive Rights. No Person shall have any preemptive, preferential or other similar right with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of or other Partnership Securities, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such or other Partnership Securities; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of any such LP Units or other Partnership Securities; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

4.3 Capital Accounts.

(a) The Partnership shall maintain for each Partner (or a beneficial owner of LP Units held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion) owning LP Units a separate Capital Account with respect to such LP Units in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such LP Units pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 4.3(b) and allocated with respect to such LP Units pursuant to Section 5.1 and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made with respect to

such LP Units pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 4.3(b) and allocated with respect to such LP Units pursuant to Section 5.1.

The Partnership shall maintain for the General Partner a separate Capital Account with respect to its Partnership Interest, held in its capacity as a general partner, in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 4.3(b) and allocated with respect to such Partnership Interest pursuant to Section 5.1, and decreased by (x) the cash amount or the Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 4.3(b) and allocated with respect to such Partnership Interest pursuant to Section 5.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided, that:

(i) Solely for purposes of this Section 4.3, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner) of all property owned by any Subsidiary.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 5.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(l)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired

by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 4.3(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(vi) If the Partnership's adjusted basis in depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q)(l) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 5.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) Consistent with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property or the conversion of the General Partner's Partnership Interest to LP Units pursuant to Section 13.3(b), the Capital Account of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 5.1. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of Partnership Interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, the General Partner, in arriving at such valuation, must take into account the Limited Partner Equity Value and the General Partner Equity Value at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of each Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately

prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 5.1. Any Unrealized Gain or Unrealized Loss attributable to such property shall be allocated in the same manner as Net Termination Gain or Net Termination Loss pursuant to Section 5.1(c); provided, however, that, in making any such allocation, Net Termination Gain or Net Termination Loss actually realized shall be allocated first. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt.

(e) Upon the conversion of a Class B Unit into one Unit, the difference (whether positive or negative) between the Per LP Unit Capital Account of such Class B Unit and the Per LP Unit Capital Account of the then Outstanding Units shall be allocated proportionately among all Class B Units Outstanding immediately after such conversion. After giving effect to such reallocation, (i) the Per LP Unit Capital Account of the Unit issued upon such conversion shall equal the Per LP Unit Capital Account of each Unit then Outstanding, and (ii) such conversion shall not increase or decrease the aggregate Per LP Unit Capital Accounts attributable to all Outstanding Units.

4.4 Interest. No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

4.5 No Withdrawal. No Partner shall be entitled to withdraw any part of its Capital Contributions or its Capital Account or to receive any distribution from the Partnership, except as provided herein.

4.6 Loans from Partners. Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

4.7 No Fractional LP Units. No fractional LP Units shall be issued by the Partnership.

4.8 Splits and Combinations.

(a) Subject to Section 4.8(d), the General Partner may make a pro rata distribution of LP Units or other Partnership Securities to all Record Holders or may effect a subdivision or combination of LP Units or other Partnership Securities; provided, however, that after any such distribution, subdivision or combination, each Partner shall have the same Percentage Interest in the Partnership as before such distribution, subdivision or combination.

(b) Whenever such a distribution, subdivision or combination of LP Units or other Partnership Securities is declared, the General Partner shall select a Record Date as of

which the distribution, subdivision or combination shall be effective and shall send notice of the distribution, subdivision or combination at least twenty days prior to such Record Date to each Record Holder as of the date not less than ten days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of LP Units to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the General Partner may cause LP Unit Certificates to be issued to the Record Holders of LP Units as of the applicable Record Date representing the new number of LP Units held by such Record Holders, or the General Partner may adopt such other procedures as it may deem appropriate to reflect such distribution, subdivision or combination; provided, however, if any such distribution, subdivision or combination results in a smaller total number of LP Units Outstanding, the General Partner shall require, as a condition to the delivery to a Record Holder of such new LP Unit Certificate, the surrender of any LP Unit Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Partnership shall not issue fractional LP Units upon any distribution, subdivision or combination of LP Units. If a distribution, subdivision or combination of LP Units would result in the issuance of fractional LP Units but for the provision of Section 4.7 and this Section 4.8(d), each fractional LP Unit shall be rounded to the nearest whole LP Unit (and a 0.5 LP Unit shall be rounded to the next higher LP Unit).

4.9 Class B Units.

(a) Pursuant to Section 4.1, the General Partner hereby designates and creates a special class of LP Units designated "Class B Units" and fixes the designations, preferences and relative, participating, optional or other special rights, powers and duties of the holders of the Class B Units as follows:

(b) Each Class B Unit shall be convertible from time to time, in whole or in part, into one Unit from and after such date as the Partnership has been advised by the New York Stock Exchange that the Units issuable upon any such conversion are eligible for listing on the New York Stock Exchange. The General Partner will promptly notify the holders of Class B Units upon receipt of such advice. Upon written notice to the General Partner from the holders of at least a majority of the Outstanding Class B Units (a "Notice of Intent to Convert") given not earlier that one year after the date of this Agreement, the General Partner will use its reasonable best efforts to cause the Partnership to meet any unfulfilled requirements of the New York Stock Exchange for such listing, including obtaining such approval of the Unitholders as may be required by the New York Stock Exchange for the issuance of the additional Units to be listed thereon. If, 120 days after the date of the Notice of Intent to Convert, the Units issuable upon such conversion have not been approved for listing on the New York Stock Exchange, then the Partnership shall give written notice thereof to the holders of the Outstanding Class B Units, whereupon each holder of Outstanding Class B Units may, at such holder's election at any time thereafter, notify the General Partner in writing (a "Mandatory Redemption Notice") of such holder's election to cause the Partnership to redeem such holder's Outstanding Class B Units for

cash. All such Outstanding Class B Units shall be redeemed as of the 60th day following the date of such Mandatory Redemption Notice unless, prior to such 60th day, the General Partner gives written notice to the holders of all Outstanding Class B Units that it has been advised by the New York Stock Exchange that the Units issuable upon a conversion of Class B Units have been approved for listing on the New York Stock Exchange, in which case the Mandatory Redemption Notice shall be deemed to have been withdrawn.

(c) Before any holder of Class B Units shall be entitled to receive any redemption payment or to convert such holder's Class B Units into Units, as the case may be, he shall surrender the LP Unit Certificates therefor, duly endorsed, at the office of the General Partner or of any transfer agent for the Class B Units. In the case of any such conversion, the Partnership shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Class B Units LP one or more Unit Certificates, registered in the name of such holder, for the number of Units to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made as of the date of such surrender of the Class B Units to be converted, and the person entitled to receive the Units issuable upon such conversion shall be treated for all purposes as the record holder of such Units on said date.

(d) Upon any request by Duke or any of its Affiliates to register all or any part of the Class B Units pursuant to Section 6.14, the Class B Units for which registration is so requested may be redeemed by the Partnership at its election. The Partnership shall exercise its option under this Section 4.9(d) by mailing written notice thereof to the holders of the Class B Units for which registration is so requested. Such notice shall be given not later than 15 days after the receipt by the General Partner of such registration request and shall fix a date for redemption of such Class B Units not less than 30 nor more than 60 days after the date of such notice.

(e) Any redemption under Section 4.9(b) or Section 4.9(d) shall be for a cash redemption price equal to the Current Market Price per Unit as of the date fixed for redemption multiplied by 0.955.

(f) From and after a redemption date (unless default shall be made by the Partnership in providing money for the payment of the redemption price), the Class B Units redeemed shall no longer be deemed to be Outstanding, and all rights of the holders thereof as Partners in the Partnership (except the right to receive from the Partnership the redemption price) shall cease. Class B Units redeemed pursuant to Section 4.9(b) or Section 4.9(d) shall be restored to the status of authorized but unissued LP Units, without designation as to class.

(g) To preserve the allocation under Section 4.3(e), notwithstanding anything herein to the contrary, no conversion of Class B Units may be effected if such conversion would result in there being no Class B Units Outstanding.

(h) Except as otherwise provided in this Agreement, each Class B Unit shall be identical to a Unit, and the holder of a Class B Unit shall have the rights of a holder of a Unit with respect to, without limitation, Partnership distributions, voting and allocations of income, gain, loss or deductions; but the LP Certificates evidencing Class B Units shall be separately identified and shall not bear the same CUSIP number as the LP Certificates evidencing Units.

Except as otherwise provided herein, all LP Units shall vote or consent together as a single class on all matters submitted for a vote or consent of the Unitholders. Class B Units shall be represented by LP Unit Certificates in such form as the General Partner may approve.

ARTICLE 5 - ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocations for Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.3(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

(a) Net Income. After giving effect to the special allocations set forth in Section 5.1(d), Net Income for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner until the aggregate Net Income allocated to the General Partner pursuant to this Section 5.1(a)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 5.1(b)(iii) for all previous taxable years;

(ii) Second, 100% to the General Partner and the Limited Partners, in accordance with their respective Percentage Interests, until the aggregate Net Income allocated to such Partners pursuant to this Section 5.1(a)(ii) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to such Limited Partners and the General Partner pursuant to Section 5.1(b)(ii) for all previous taxable years; and

(iii) Third, the balance, if any, shall be allocated between the General Partner, in its capacity as general partner, and the Limited Partners in each taxable year in the same proportion as Available Cash for such taxable year (including, for this purpose, distributions of Available Cash made in a subsequent taxable year with respect to the last quarter of the Partnership year for which the item of income, gain, loss, deduction or credit as the case may be, is being allocated) was distributed to the General Partner and the Limited Partners. If the Partnership does not distribute any Available Cash in respect of a taxable year, Net Income (computed in accordance with Section 4.3(b)) shall be allocated among the Partners in accordance with their respective Percentage Interests. Except as otherwise provided in this Section 5.1, each item of income, gain, loss, deduction or credit (computed in accordance with Section 4.3(b)) allocated to the Limited Partners, in the aggregate, shall be allocated to each Limited Partner pro rata in accordance with the number of LP Units held by such Limited Partner.

(b) Net Losses. After giving effect to the special allocations set forth in Section 5.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner and the Limited Partners until the aggregate Net Losses allocated pursuant to this Section 5.1(b)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Income allocated to such Partners pursuant to Section 5.1(a)(iii) for all previous taxable years. For purposes of this Section 5.1(b)(i), Net Losses for any taxable year shall be allocated to the General Partner and the Limited Partners in the same proportion as any Net Income was allocated to such Partners pursuant to Section 5.1(a)(iii) in any previous taxable years (beginning with the first such taxable year in which Net Income was allocated to the Partners pursuant to Section 5.1(a)(iii) up to an amount equal to the amount of Net Income allocated to the Partners in any such taxable year);

(ii) Second, 100% to the General Partner and the Limited Partners, in accordance with their respective Percentage Interests, provided, that Net Losses shall not be allocated pursuant to this Section 5.1(b)(ii) to the extent that such allocation would cause any Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account);

(iii) Third, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 5.1(d), all items of gain and loss taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 5.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 5.1 and after all distributions of Available Cash provided under Section 5.4 have been made with respect to the taxable period ending on the date of the Partnership's liquidation pursuant to Section 14.3. References in this Section to the Minimum Quarterly Distribution and the Target Distributions are to such items as adjusted from time to time.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 4.3(d)) from Termination Capital Transactions, such Net Termination Gain shall be allocated between the General Partner and the Limited Partners in the following manner (and the Capital Accounts of the Partners shall be increased by the amount so allocated in each of the following subclauses, in the order listed, before an allocation is made pursuant to the next succeeding subclause):

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account;

(B) Second, 100% to the General Partner and to all Limited Partners, in accordance with their respective Percentage Interests, until the Capital Account in respect of each LP Unit then Outstanding is equal to the Unrecovered Capital attributable to such LP Unit;

(C) Third, 100% to the General Partner and to all Limited Partners, in accordance with their respective Percentage Interests, until the Per LP Unit Capital Account (determined on a per Unit basis) in respect of each Unit is equal to the sum of (l) the Unrecovered Capital attributable to each such Unit plus (2) any cumulative arrearages in the payment of the Minimum Quarterly Distribution in respect of such Unit for any quarter following December 31, 1994;

(D) Fourth, 85.002627% to all Limited Partners, in accordance with their respective Percentage Interests, and 14.997373% to the General Partner until the Per LP Unit Capital Account in respect of each Unit (determined on a per Unit basis) is equal to the sum of (l) the Unrecovered Capital attributable to such Unit, plus (2) any cumulative arrearages in the payment of the Minimum Quarterly Distribution in respect of such Unit for any quarter following December 31, 1994, plus (3) the excess of the First Target Distribution over the Minimum Quarterly Distribution for each quarter of the Partnership's existence, less (4) the amount of any distributions of Cash from Operations that were distributed pursuant to Section 5.4(b) (the sum of (2) plus (3) less (4) is hereinafter defined as the "First Liquidation Target Amount");

(E) Fifth, 75.004647% to all Limited Partners, in accordance with their respective Percentage Interests, and 24.995353% to the General Partner until the Per LP Unit Capital Account in respect of each Unit (determined on a per Unit basis) is equal to the sum of (l) the Unrecovered Capital attributable to such Unit, plus (2) the First Liquidation Target Amount, plus (3) the excess of the Second Target Distribution over the First Target Distribution for each quarter of the Partnership's existence less (4) the amount of any distributions of Cash from Operations distributed pursuant to Section 5.4(c) (the sum of (2) plus (3) less (4) is hereinafter defined as the "Second Liquidation Target Amount"); and

(F) Sixth, the balance, if any, 49.999798% to all Limited Partners, in accordance with their respective Percentage Interests, and 50.000202% to the General Partner.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 4.3(d)) from Termination Capital Transactions, such Net Termination Loss shall be allocated to the Partners in the following manner:

(A) First, 100% to the General Partner and the limited Partners in proportion to, and to the extent of, the positive balances in their respective Capital Accounts until all such balances are reduced to zero;

(B) Second, the balance, if any, 100% to the General Partner.

(d) Special Allocations. Notwithstanding any other provision of this Section 5.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 5.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of,

an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in Partnership Minimum Gain during such taxable period that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-2(g)) to the disposition of Partnership property subject to one or more Nonrecourse Liabilities of the Partnership, or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(g)). The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d) with respect to such taxable period. This Section 5.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Minimum Gain Attributable to Partner Nonrecourse Debt. Notwithstanding the other provisions of this Section 5.1 (other than Section 5.1(d)(i)), if there is a net decrease in Minimum Gain Attributable to Partner Nonrecourse Debt during any Partnership taxable period, any Partner with a share of Minimum Gain Attributable to Partner Nonrecourse Debt at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in the Minimum Gain Attributable to Partner Nonrecourse Debt that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-2(i)(4)) to the disposition of Partnership property subject to such Partner Nonrecourse Debt or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(i)(4)). The items to be so allocated shall be determined in a manner consistent with the principles of Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d), other than Section 5.1(d)(i), with respect to such taxable period. This Section 5.1(d)(ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. Except as provided in Sections 5.1(d)(i) and 5.1(d)(ii), in the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1 (b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d)(iii) shall be made only if and to the extent that such Partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided in this Section 5.1 have been tentatively made as if this Section 5.1(d)(iii) were not in this Agreement.

(iv) Gross Income Allocations. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable period that is in excess of the sum of (A) the amount such Partner is obligated to restore pursuant to any provision of this Agreement and (B) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Section 1.704-2(g)(1) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d)(iv) shall be made only if and to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 5.1 have been tentatively made as if Section 5.1(d)(iii) and this Section 5.1(d)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in the same ratios that Net income or Net Losses, as the case may be, is allocated for the taxable year. if the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i)(1). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) Nonrecourse Liabilities. The Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage interests.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury regulations.

(ix) Curative Allocation. (A) Notwithstanding any other provision of this Section 5.1, other than the Required Allocations provisions, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of

such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and this Curative Allocation not otherwise been provided in this Section 5.1. Notwithstanding the preceding sentence, Required Allocations relating to (l) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Minimum Gain Attributable to Partner Nonrecourse Debt. Allocations pursuant to this Section 5.1(d)(ix)(A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 5.1(d)(ix)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(A) The General Partner shall have reasonable discretion, with respect to each taxable period, to (l) apply the provisions of Section 5.1(d)(ix)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 5.1(d)(ix)(A) among the Partners in a manner that is likely to minimize such economic distortions.

5.2 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 5.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follow:

(i)(A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) except as otherwise provided in Section 5.2(b)(iv), any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(ii)(A) In the case of an Adjusted Property, such items shall (l) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 4.3(d)(i) or (ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 5.2(b)(i)(A); and (B) except as otherwise provided in Section 5.2(b)(iv), any item of Residual Gain or Residual Loss attributable to

an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iii) Except as otherwise provided in Section 5.2(b)(iv), all other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iv) Any items of income, gain, loss or deduction otherwise allocable under Section 5.2(b)(i)(B), 5.2(b)(ii)(B) or 5.2(b)(iii) shall be subject to allocation by the General Partner in a manner designed to eliminate, to the maximum extent possible, Book-Tax Disparities in a Contributed Property or Adjusted Property otherwise resulting from the application of the "ceiling" limitation (under Section 704(c) of the Code or Section 704(c) principles) to the allocations provided under Section 5.2(b)(i)(A) or 5.2(b)(ii)(A).

(c) For the proper administration of the Partnership and for the preservation of uniformity of the LP Units (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the LP Units (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 5.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of LP Units issued and Outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its sole discretion may determine to depreciate the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation method and useful life applied to the Partnership's common basis of such property, despite the inconsistency of such approach with Treasury Regulation Section 1.167(c)-1(a)(6). If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt a depreciation convention under which all purchasers acquiring LP Units in the same month would receive depreciation, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation convention to preserve the uniformity of the intrinsic tax characteristics of any LP Units that would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of LP Units.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 5.2 be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest)

have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) Each item of Partnership income, gain, loss and deduction attributable to a transferred Partnership Interest of the General Partner or to transferred LP Units shall, for federal income tax purposes, be determined on an annual basis and prorated on a monthly basis and shall be allocated to the Partners as of the close of the New York Stock Exchange on the last day of the preceding month; provided, however, that gain or loss on a sale or other disposition of any assets of the Partnership other than in the ordinary course of business shall be allocated to the Partners as of the opening of the New York Stock Exchange on the first Business Day of the month in which such gain or loss is recognized for federal income tax purposes. The General Partner may revise, alter or otherwise modify such methods of allocation as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(h) Allocations that would otherwise be made to a Limited Partner under the provisions of this Article 5 shall instead be made to the beneficial owner of LP Units held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion.

5.3 Requirement and Characterization of Distributions. Within fifty days following the end of each calendar quarter, an amount equal to 100% of Available Cash with respect to such quarter (or period) shall be distributed in accordance with this Article 5 by the Partnership to the Partners, as of the Record Date selected by the General Partner in its reasonable discretion. All amounts of Available Cash distributed by the Partnership on any date from any source shall be deemed to be Cash from Operations until the sum of all amounts of Available Cash theretofore distributed by the Partnership to Partners pursuant to Section 5.4 equals the aggregate amount of all Cash from Operations of the Partnership from the Partnership Inception through the end of he calendar quarter prior to such distribution. Any remaining amounts of Available Cash distributed by the Partnership on such date shall, except as otherwise provided in Section 5.5, be deemed to be Cash from Interim Capital Transactions.

5.4 Allocations of Distributions. Available Cash that is deemed to be Cash from Operations pursuant to the provisions of Section 5.3 or 5.5 shall be distributed as follows:

(a) First, 98.000001% to all Limited Partners, in accordance with their respective Percentage Interest, and 1.999999% to the General Partner until there has been distributed in respect of each LP Unit then Outstanding an amount equal to the Minimum Quarterly Distribution;

(b) Second, 85.002627% to all Limited Partners, in accordance with their respective Percentage Interest, and 14.997373% to the General Partner until there has been distributed in respect of each LP Unit then Outstanding an amount equal to the First Target Distribution;

(c) Third, 75.004647% to all Limited Partners, in accordance with their respective Percentage Interests, and 24.995353% to the General Partner until there has been distributed in respect of each LP Unit then Outstanding an amount equal to the Second Target Distribution; and

(d) Fourth, 49.999798% to all Limited Partners, in accordance with their respective Percentage Interest, and 50.000202% to the General Partner.

Provided, however, if the Minimum Quarterly Distribution, the First Target Distribution and the Second Target Distribution have been reduced to zero pursuant to Section 5.7(a)(ii), then distributions of Available Cash constituting Cash from Operations with respect to any quarter will be made 98.000001% to all Limited Partners in accordance with their respective Percentage Interest and 1.999999% to the General Partner until there has been distributed in respect of each LP Unit then outstanding Cash from Operations since Partnership Inception equal to the Minimum Quarterly Distribution (as from time to time adjusted) for all periods since Partnership Inception, and thereafter in accordance with Section 5.4(d) above.

5.5 Distributions of Cash from Interim Capital Transactions. Available Cash that constitutes Cash from Interim Capital Transactions shall be distributed, unless the provisions of Section 5.3 require otherwise, 98.000001% to all Limited Partners, in accordance with their respective Percentage Interests, and 1.999999% to the General Partner until a hypothetical holder of a Unit acquired at the time of the Initial Offering has received with respect to each Unit, from Partnership Inception through such date, distributions of Available Cash that are deemed to be Cash from Interim Capital Transactions in an aggregate amount per LP Unit equal to the Initial Unit Price. Thereafter, all Available Cash shall be distributed as if it were Cash from Operations and shall be distributed in accordance with Section 5.4.

5.6 Definitions. As used herein,

(a) "Available Cash" means, with respect to any calendar quarter, (i) the sum of (A) all cash receipts of the Partnership during such quarter from all sources (including, distributions of cash received from any Subsidiary) and (B) any reduction in reserves established in prior quarters, less (ii) the sum of (aa) all cash disbursements of the Partnership during such quarter (including disbursements for taxes of the Partnership as an entity, debt service and capital expenditures) and (bb) any reserves established in such quarter in such amounts as the General Partner determines to be necessary or appropriate in its reasonable discretion (x) to provide for the proper conduct of the business of the Partnership or any Subsidiary (including reserves for future rate refunds or capital expenditures) or (y) to provide funds for distributions with respect to any of the next four calendar quarters and (cc) any other reserves established in such quarter in such amounts as the General Partner determines in its reasonable discretion to be necessary because the distribution of such amounts would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to

which the Partnership or any Subsidiary is a party or by which it is bound or its assets are subject. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash disbursements of the Partnership which reduce "Available Cash," but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to such Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all Partners) may be considered to be cash disbursements of the Partnership which reduce "Available Cash," but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to Partners. Notwithstanding the foregoing, "Available Cash" shall not include any cash receipts or reductions in reserves or take into account any disbursements made or reserves established after commencement of the dissolution and liquidation of the Partnership.

(b) "Cash from Interim Capital Transactions" means, at any date, such amounts of Available Cash as are deemed to be Cash from Interim Capital Transactions pursuant to Section 5.3.

(c) "Cash from Operations" means, at any date but prior to commencement of the dissolution and liquidation of the Partnership, on a cumulative basis, $20 million plus all cash receipts of the Partnership or any Subsidiary from their operations (excluding any cash proceeds from any Interim Capital Transactions or Termination Capital Transactions) during the period since the Partnership Inception through such date less the sum of (i) all cash operating expenditures of the Partnership or any Subsidiary during such period, including, without limitation, taxes imposed on the Partnership or any Subsidiary as an entity, (ii) all cash debt service payments of the Partnership or any Subsidiary during such period (other than payments or prepayments of principal and premium required by reason of loan agreements (including, covenants and default provisions therein) or by lenders, in each case in connection with sales or other dispositions of assets or made in connection with refinancings or refundings of indebtedness provided, that any payment or prepayment of principal, whether or not then due, shall be determined at the election and in the discretion of the General Partner, to be refunded or refinanced by any indebtedness incurred or to be incurred by the Partnership or any Subsidiary simultaneously with or within 180 days prior to or after such payment or prepayment to the extent of the principal amount of such indebtedness so incurred), (iii) all cash capital expenditures of the Partnership or any Subsidiary during such period (other than (A) all cash capital expenditures made to increase the throughput or deliverable capacity or terminaling or storage capacity (assuming normal operating conditions, including down-time and maintenance) of the assets of the Partnership or any Subsidiary taken as a whole, from the throughput or deliverable capacity or terminaling or storage capacity (assuming normal operating conditions, including down-time and maintenance) existing immediately prior to such capital expenditures and (B) cash expenditures made in payment of transaction expenses relating to Interim Capital Transactions), (iv) an amount equal to the incremental revenues collected pursuant to a rate increase that are, at such date, subject to possible refund, (v) any reserves outstanding as of such date which the General Partner determines in its reasonable discretion to be necessary or appropriate to provide for the future cash payment of items of the type referred to in clauses (i) through (iii) of this sentence and (vi) any reserves outstanding as of such date that the General Partner determines to be necessary or appropriate in its reasonable discretion to provide funds for distributions with respect to any one or more of the next four calendar quarters, all as determined on a consolidated basis and after elimination of intercompany items and the Company's general

partner interest in the Subsidiaries. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash operating expenditures of the Partnership which reduce "Cash from Operations," but the payment or withholding thereof shall be deemed to be a distribution of Available Cash constituting Cash From Operations to such Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all Partners) may be considered to be cash disbursements of the Partnership which reduce "Cash from Operations," but the payment or withholding thereof shall not be deemed to be a distribution to Partners.

For purposes of the foregoing, reserves do not include reserves outstanding at Partnership Inception. Cash from Operations shall be deemed to have been reduced as of January l, 1994, by the amount of the initial $20 million cash balance that shall not have been expended by such date on expansive capital expenditures. In determining the amount of the $20 million used for expansive capital expenditures, any increase in Partnership consolidated indebtedness after the Closing Date (other than working capital borrowings) shall be deemed to have been used for expansive capital expenditures prior to the expenditure of such $20 million. Therefore, the $20 million will be deemed to have been used for expansive capital expenditures only to the extent such expenditures exceed such increase in indebtedness.

(d) "First Target Distribution" means $0.65 per LP Unit, subject to adjustment in accordance with Sections 5.7 and 9.6.

(e) "Interim Capital Transactions" means (i) borrowings and sales of debt securities (other than for working capital purposes and for items purchased on open account in the ordinary course of business) by the Partnership or any Subsidiaries (ii) sales of equity interests by the Partnership or any Subsidiaries and (iii) sales or other voluntary or involuntary dispositions of any assets of the Partnership or any Subsidiaries (other than (x) sales or other dispositions of inventory in the ordinary course of business, (y) sales or other dispositions of other current assets including accounts receivable or (z) sales or other dispositions of assets as a part of normal retirements or replacements), in each case prior to the commencement of the dissolution and liquidation of the Partnership.

(f) "Minimum Quarterly Distribution" means $0.55 per calendar quarter, subject to adjustment in accordance with Sections 5.7 and 9.6;

(g) "Net Termination Gain" means, for any taxable period, the sum, if positive, of all items of income, gain or loss recognized by the Partnership (including, without limitation, such amounts recognized through a Subsidiary) from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 4.3(b) and shall not include any items of income, gain or loss specifically allocated under Section 5.1(d). Once an item of income, gain or loss that has been included in the initial computation of Net Termination Gain is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item.

(h) "Net Termination Loss" means, for any taxable period, the sum, if negative, of all items of income, gain or loss recognized by the Partnership (including, without

limitation, such amounts recognized through a Subsidiary) from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 4.3(b) and shall not include any items of income, gain or loss specifically allocated under Section 5.1(d). Once an item of gain or loss that has been included in the initial computation of Net Termination Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item.

(i) "Second Target Distribution" means $0.90 per LP Unit, subject to adjustment in accordance with Sections 5.7 and 9.6.

(j) "Termination Capital Transactions" means any sale, transfer or other disposition of property of the Partnership or the Operating Partnerships occurring upon or incident to the liquidation and winding up of the Partnership and the Operating Partnerships pursuant to Article 14.

5.7 Adjustment of Minimum Quarterly Distribution, Target Distribution Levels and Unrecovered Capital.

(a) (i) The Minimum Quarterly Distribution, First Target Distribution Second Target Distribution and Unrecovered Capital shall be proportionately adjusted in the event of any distribution, combination or subdivision (whether effected by a distribution payable in LP Units or otherwise) of LP Units or other Partnership Securities in accordance with Section 4.8.

(ii) In the event of a distribution of Available Cash that is deemed to be Cash from Interim Capital Transactions, the Minimum Quarterly Distribution, First Target Distribution and Second Target Distribution shall be adjusted proportionately downward to equal the product obtained by multiplying the otherwise applicable Minimum Quarterly Distribution, First Target Distribution and Second Target Distribution, as the case may be, by a fraction of which the numerator is the Unrecovered Capital immediately after giving effect to such distribution and of which the denominator is the Unrecovered Capital immediately prior to giving effect to such distribution.

(b) The Minimum Quarterly Distribution and First and Second Target Distributions may also be adjusted if legislation is enacted which causes the Partnership to become taxable as a corporation or otherwise taxable as an entity for federal income tax purposes. In such event, the Minimum Quarterly Distribution and First and Second Target Distributions for each quarter thereafter would be reduced to an amount equal to the product of (i) each of the Minimum Quarterly Distribution and First and Second Target Distributions multiplied by (ii) l minus the sum of (x) the maximum marginal federal income tax rate to which the Partnership is subject as an entity (expressed as a fraction) plus (y) any increase that results from such legislation in the effective overall state and local income tax rate to which the Partnership is subject as an entity (expressed as a fraction) for the taxable year in which such quarter occurs (after taking into account the benefit of any deduction allowable for federal income tax purposes with respect to the payment of state and local income taxes).

ARTICLE 6 - MANAGEMENT AND OPERATION OF BUSINESS

6.1 Management.

(a) The General Partner shall conduct, direct and exercise full control over all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any right of control or management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or desirable (i) to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation, (A) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations and the securing of same by mortgage, deed of trust or other lien or encumbrance; (B) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership, (C) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (C) being subject, however, to any prior approval that may be required by Section 6.3); (D) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership or any Subsidiary, the lending of funds to other Persons (including, without limitation, any Subsidiary) and the repayment of obligations of the Partnership and any Subsidiary and the making of capital contributions to any Subsidiary; (E) the negotiation, execution and performance of any contracts, conveyances or other instruments (including, without limitation, instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case); (F) the distribution of Partnership cash; (G) the selection and dismissal of employees and agents (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (H) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate; (I) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary from time to time); (J) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (K) the indemnification of any

person against liabilities and contingencies to the extent permitted by law; (L) the entering into of listing agreements with the New York Stock Exchange and any other securities exchange and the delisting of some or all of the LP Units of other Partnership Securities from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 1.6); and (M) the purchase, sale or other acquisition or disposition of LP Units or other Partnership Securities; and (ii) the undertaking of any action in connection with the Partnership's interest in any Subsidiary (including, without limitation, contributions or loans of funds by the Partnership to a Subsidiary and exercising, on behalf of and for the benefit of the Partnership, the Partnership's rights as the sole stockholder of the Operating General Partner).

(b) For so long as the Company or any Affiliate of Duke is the General Partner of the Partnership, the General Partner shall provide insurance to the Partnership covering its assets and operations on terms and conditions as it shall deem appropriate in its sole discretion.

6.2 Certificate of Limited Partnership. The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 7.5(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner or Assignee.

6.3 Restrictions on General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by all of the Limited Partners or by other written instrument executed and delivered by all of the Limited Partners subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, without limitation, (i) any act that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement; (ii) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose; (iii) admit a Person as a Partner, except as otherwise provided in this Agreement; (iv) amend this Agreement in any manner, except as otherwise provided in this Agreement; or (v) transfer its interest as general partner of the Partnership, except as otherwise provided in this Agreement.

(b) Except as provided in Article 14, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single

transaction or a series of related transactions (including by way of merger, consolidation or other combination with any other Person) or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of any of the Operating Partnerships, without the approval of at least a majority of the Outstanding LP Units; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets or the assets of any Subsidiary and shall not apply to any forced sale of any or all of the Partnership's assets or the assets of any Subsidiary pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of at least 66 2/3% of the Outstanding LP Units, the General Partner shall not, on behalf of the Partnership, (i) consent to any amendment to any of the Operating Partnership Agreements or, except as expressly permitted by Section 6.9(d), take any action permitted to be taken by the limited partner of any of the Operating Partnerships, in either case, that would adversely affect the Partnership as the limited partner of the Operating Partnerships or (ii) except as permitted under Sections 11.2 and 13.1, elect or cause the Partnership to elect a successor general partner of the any of the Operating Partnerships.

(c) Unless approved by the affirmative vote of at least 66 2/3% of the Outstanding LP Units, the General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause the Partnership or any of the Operating Partnerships to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes.

(d) At all times while serving as the general partner of the Partnership, the General Partner shall not make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control if the effect of such dividend, distribution, repurchase or other action would be to reduce its net worth below an amount necessary to receive an Opinion of Counsel that the Partnership will be treated as a partnership for federal income tax purposes.

6.4 Reimbursement of the General Partner.

(a) Except as provided in this Section 6.4 and elsewhere in this Agreement or in the Operating Partnership Agreements, the General Partner shall not be compensated for its services as general partner of the Partnership or any Subsidiary.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including, without limitation, amounts paid to any Person to perform services for the benefit of the Partnership or any Subsidiary and including payments made for the benefit of the Partnership to or on behalf of the Operating General Partner or any of the Operating Partnerships) and (ii) that portion of the General Partner's or its Affiliates' legal, accounting, investor communications, utilities, telephone, secretarial, travel, entertainment, bookkeeping, reporting, data processing, office rent and other office expenses (including, without limitation, overhead charges), salaries, fees and other compensation and benefit expenses of employees, officers and directors, insurance, other administrative or overhead expenses and all other expenses, in each such case, necessary or appropriate to the conduct of the Partnership's business and allocable to the Partnership or

otherwise incurred by the General Partner in connection with operating the Partnership's business (including, without limitation, expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the fees and expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 6.7.

(c) The General Partner in its sole discretion and without the approval of the Limited Partners may propose and adopt on behalf of the Partnership employee benefit plans (including, without limitation, plans involving the issuance of LP Units), for the benefit of employees of the General Partner, the Partnership, any Subsidiary or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership or any Subsidiary.

6.5 Outside Activities.

(a) After the Closing Date, the General Partner shall limit its activities to those required or authorized by this Agreement.

(b) Except as provided in Section 6.5(a), each Indemnitee is free to engage in any business, including any business that is in competition with the business of the Partnership. The General Partner and any other Persons affiliated with the General Partner may acquire LP Units or other Partnership Securities and shall be entitled to exercise all rights of an Assignee or Limited Partner, as applicable, relating to such LP Units or Partnership Securities, as the case may be.

(c) Without limiting Sections 6.5(a) and 6.5(b), but notwithstanding anything to the contrary in this Agreement, the competitive activities of Indemnitees described in the Registration Statement are hereby approved by all Partners, and it shall not be deemed to be a breach of the General Partner's fiduciary duty for the General Partner to permit an Indemnitee to engage in a business opportunity in preference to or to the exclusion of the Partnership.

6.6 Loans to and from the General Partner; Contracts with Affiliates.

(a) The General Partner or any Affiliate thereof may lend to the Partnership or any Subsidiary, and the Partnership and any Subsidiary may borrow, funds needed or desired by the Partnership and any Subsidiary for such periods of time as the General Partner may determine; provided, however, that the General Partner or any of its Affiliates may not charge the Partnership or any Subsidiary interest at a rate greater than the rate that would be charged the Partnership or any Subsidiary, as the case may be (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The Partnership or the Subsidiary, as the case may be, shall reimburse the General Partner or any of its Affiliates, as the case may be, for any costs (other than any additional interest costs) incurred by it in connection with the borrowing of funds obtained by the General Partner or any of its Affiliates and loaned to the Partnership or the Subsidiary.

(b) The Partnership may lend or contribute to any Subsidiary, and any Subsidiary may borrow, funds on terms and conditions established in the sole discretion of the

General Partner. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Subsidiary or any other Person. The Partnership may not lend funds to the General Partner or any of its Affiliates, otherwise than for short-term funds management purposes.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership. Any service rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

(d) The Partnership may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties.

(f) The General Partner and its Affiliates will have no obligation to permit the Partnership or any Subsidiary to use any facilities of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing wish such use, nor shall there be any obligation on the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 6.6(a) through 6.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement under the caption "Conflicts of Interest and Fiduciary Responsibility" are hereby approved by all Partners.

6.7 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, each Indemnitee shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as (i) the General Partner, a Departing Partner or any of their Affiliates, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their

Affiliates or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, provided, that in each case the Indemnitee acted in good faith, in a manner which such Indemnitee believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 6.7 shall be made only out of the assets of the Partnership.

(b) To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.7.

(c) The indemnification provided by this Section 6.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitees' capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or an Affiliate thereof or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and as to actions in any other capacity.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of this Agreement.

(e) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.7(a); and action taken or omitted by it with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligation of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.8 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partners, the Assignees or any other Persons who have acquired interests in the LP Units or other Partnership Securities, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 6.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 6.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership and the Limited Partners of the General Partner, its directors, officers and employees under this Section 6.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.9 Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the Operating Partnership Agreements whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership or any Subsidiary, any Partner or any Assignee, on the other hand, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of the Operating Partnership Agreements, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if

the resolution or course of action is or, by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized in connection with its resolution of any conflict of interest to consider (i) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (ii) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (iii) any applicable generally accepted accounting or engineering practices or principles; and (iv) such additional factors as the General Partner determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that a General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion," that it deems "necessary or appropriate" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership or any Subsidiary, any Limited Partner or any Assignee, or (ii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Operating Partnership Agreements, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner consistent with the standards of "reasonable discretion" set forth in the definitions of Available Cash or Cash from Operations shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of any Subsidiary or of the Partnership, other than in the ordinary course of business. No borrowing by the Partnership or any Subsidiary or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to enable the General Partner to receive incentive distributions.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Limited Partners hereby authorize the General Partner, on behalf of the Partnership as limited partner of the Operating Partnerships, to approve of actions by the general partner of the Operating Partnerships similar to those actions permitted to be taken by the General Partner pursuant to this Section 6.9.

6.10 Other Matters Concerning the General Partner

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the opinion (including, without limitation, an Opinion of Counsel) of such Persons as to matters that such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement so long as such action is reasonably believed by the General Partner to be in the best interests of the Partnership.

6.11 Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets are held.

6.12 Purchase or Sale of LP Units. The General Partner may cause the Partnership to purchase or otherwise acquire LP Units or other Partnership Securities. As long as LP Units are held by the Partnership or any Subsidiary, such LP Units shall not be considered Outstanding for

any purpose, except as otherwise provided herein. The General Partner or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of LP Units or other Partnership Securities for its own account, subject to the provisions of Articles 11 and 12.

6.13 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

6.14 Registration Rights of Duke and its Affiliates.

(a) If (i) Duke or any of its Affiliates (including, for purposes of this Section 6.14, Persons that are Affiliates at the date hereof notwithstanding that they may later cease to be Affiliates) hold LP Units which it desires to sell and (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) is not available to enable Duke or such Affiliates to dispose of the number of LP Units it desires to sell at the time it desires to do so, then upon the request of Duke or any of its Affiliates, the Partnership shall file with the Securities and Exchange Commission as promptly as practicable after receiving such request, and use all reasonable efforts to cause to become effective and remain effective for a reasonable period following its effective date, a registration statement under the Securities Act registering the offering and sale of the number of LP Units specified by Duke or any of its Affiliates; provided, however, that if the General Partner or, if at the time a request pursuant to this Section 6.14 is submitted to the Partnership, Duke or its Affiliate requesting registration is an Affiliate of the General Partner, a majority of the independent directors of the General Partner determines in its good faith judgment that a postponement of the requested registration for up to six months would be in the best interests of the Partnership and its Partners due to a pending transaction, investigation or other event, the filing of such registration statement of the effectiveness thereof may be deferred for up to six months, but not thereafter. In connection with any registration pursuant to the preceding sentence, the Partnership shall promptly prepare and file (x) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as Duke or any of its Affiliates shall reasonably request;

provided, however, that no such qualification shall be required in any jurisdiction where, as a result thereof, the Partnership would become subject to general service of process or to taxation or qualification to do business as a foreign corporation doing business in such jurisdiction, and (y) such documents as may be necessary to apply for listing or to list the securities subject to such registration on such National Securities Exchange as Duke or such Affiliates shall reasonably request, and do any and all other acts and things that may reasonably be necessary or advisable to enable Duke or any of its Affiliates to consummate a public sale of such LP Units in such states. Except as set forth in subsection (c) below, all costs and expenses of any such registration and offering shall be paid by Duke or any of its Affiliates, without reimbursement by the Partnership.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of LP Units of the Partnership for cash (other than an offering relating solely to an employee benefit plan); the Partnership shall use its best efforts to include such number or amount of LP Units held by Duke and any of its Affiliates in such registration statement as Duke or any of such Affiliates shall request. If the proposed offering pursuant to this Section 6.14(b) shall be an underwritten offering, then, in the event that the managing underwriter of such offering advises the General Partner and Duke or any of such Affiliates in writing that in its opinion the inclusion of all or some of Duke's or any of its Affiliates' LP Units would adversely and materially affect the success of the offering, the Partnership shall include in such offering only that number or amount, if any, of securities held by Duke or any of its Affiliates which, in the opinion of the managing underwriter, will not so adversely and materially affect the offering. In connection with any registration pursuant to this Section 6.14(b), Duke or any of its Affiliates shall bear the expense of all underwriting discounts and commissions attributable to the LP Units sold for its own account and shall reimburse the Partnership for all incremental costs incurred by the Partnership in connection with such registration resulting from the inclusion of LP Units held by Duke or any of its Affiliates.

(c) If underwriters are engaged in connection with any registration referred to in this Section 6.14, the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 6.7 hereof, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless Duke or such other holder, its officers, directors and each Person who controls Duke or such other holder (within the meaning of the Securities Act) and any agent thereof (collectively, "Indemnified Persons") against any losses, claims, demands, actions, causes of action, assessments, damages, liabilities (joint or several), costs and expenses (including without limitation, interest, penalties and reasonable attorneys' fees and disbursements), resulting to, imposed upon, or incurred by an Indemnified Person, directly or indirectly, under the Securities Act or otherwise (hereinafter referred to in this Section 6.14(c) as a "claim" and in the plural as "claims"), based upon, arising out of, or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any LP Units were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact

required to be stated therein or necessary to make the statements made therein not misleading; provided, however, that the Partnership shall not be liable to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Sections 6.14(a) and 6.14(b) hereof shall continue to be applicable with respect to Duke and its Affiliates after any affiliate of Duke ceases to be a general partner of the Partnership, during a period of two years subsequent to the effective date of such cessation and for so long thereafter as is required for Duke (or its Affiliates) to sell all of the LP Units of the Partnership with respect to which it has requested during such two-year period that a registration statement be filed; provided, however, that the Partnership shall not be required to file successive registration statements covering the same securities for which registration was demanded during such two-year period. The provisions of Section 6.14(c) hereof shall continue in effect thereafter.

ARTICLE 7 - RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

7.1 Limitation of Liability. The Limited Partners and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

7.2 Management of Business. No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, if such Person shall also be a Limited Partner or Assignee) shall take part in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

7.3 Outside Activities. Subject to the provisions of Section 6.5, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners or Assignees, any Limited Partner or Assignee shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including, without limitation, business interests and activities in direct competition with the Partnership or a Subsidiary. Neither the Partnership nor any of the other Partners or Assignees shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee.

7.4 Return of Capital. No Limited Partner shall be entitled to the withdrawal or return of his Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and

then only to the extent provided for in this Agreement. Except to the extent provided by Article 5 or as otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of Section 17.502(b) of the Delaware Act.

7.5 Rights of Limited Partners Relating to the Partnership.

(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 7.5(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable demand and at such Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to him, upon notification to the General Partner, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him, upon notification to the General Partner, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto;

(v) to obtain true and full information regarding the amount of cash and description and statement of the Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) Notwithstanding any other provision of this Agreement, the General Partner may keep confidential from the Limited Partners and Assignees for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interest of the Partnership or could damage the Partnership or any Subsidiary or that the Partnership or a Subsidiary is required by law or by agreements with third parties to keep confidential.

ARTICLE 8 - BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 Records and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided

pursuant to Section 7.5(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, the record of the Record Holders and Assignees of LP Units or other Partnership Securities, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard disks, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

8.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

8.3 Reports.

(a) As soon as practicable, but in no event later than 120 days after the close of each Partnership Year, the General Partner shall cause to be mailed to each Record Holder of an LP Unit as of a date selected by the General Partner in its sole discretion, an annual report containing financial statements of the Partnership for such Partnership Year, presented in accordance with generally accepted accounting principles, including a balance sheet and statements of operations, Partners' equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner.

(b) As soon as practicable, but in no event later than ninety days after the close of each calendar quarter except the last calendar quarter of each year, the General Partner shall cause to be mailed to each Record Holder of an LP Unit, as of a date selected by the General Partner in its sole discretion, a report containing unaudited financial statements of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which LP Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

ARTICLE 9 - TAX MATTERS

9.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety days of the close of each taxable year of the Partnership, the tax information reasonably required by Unitholders for federal and state income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes. The taxable year of the Partnership shall be the calendar year.

9.2 Tax Elections. Except as otherwise provided herein, the General Partner shall in its sole discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole discretion that such

revocation is in the best interests of the Limited Partners and Assignees. For purposes of computing the adjustments under Section 743(b) of the Code, the General Partner shall be authorized (but not required) to adopt a convention whereby the price paid by a transferee of LP Units will be deemed to be the lowest quoted trading price of the LP Units on any National Securities Exchange on which such LP Units are traded during the calendar month in which such transfer is deemed to occur pursuant to Section 5.2(g) without regard to the actual price paid by such transferee.

9.3 Tax Controversies. Subject to the provisions hereof, the General Partner is designated the Tax Matters Partner (as defined in Section 6231 of the Code), and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including, without limitation, resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner and Assignee agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

9.4 Organizational Expenses. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

9.5 Withholding. Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its sole discretion to be necessary or appropriate to cause the Partnership and its Subsidiaries to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or Assignee (including, without limitation, by reason of Section 1446 of the Code), the amount withheld shall be treated as a distribution of cash pursuant to Section 5.3 in the amount of such withholding from such Partner.

9.6 Entity-Level Taxation. If legislation is enacted that causes the Partnership to become treated as an association taxable as a corporation for federal income tax purposes or otherwise subjects the Partnership to entity-level taxation for federal income tax purposes, the Minimum Quarterly Distribution, First Target Distribution or Second Target Distribution, as the case may be, shall be equal to the product obtained by multiplying (a) the amount thereof by (b) l minus the sum of (x) the highest marginal federal corporate (or other entity, as applicable) income tax rate for the Partnership Year in which such quarter occurs (expressed as a percentage) plus (y) any increase that results from such legislation in the effective overall state and local income tax rate (expressed as a percentage) applicable to the Partnership for the calendar year next preceding the calendar year in which such quarter occurs (after taking into account the benefit of any deduction allowable for federal income tax purposes with respect to the payment of state and local income taxes). Such effective overall state and local income tax rate shall be determined for the calendar year next preceding the first calendar year during which the Partnership is taxable for federal income tax purposes as a corporation or otherwise taxed as

an entity by determining such rate as if the Partnership had been subject to such state and local taxes during such preceding calendar year.

9.7 Entity-Level Arrearage Collections. If the Partnership is required by applicable law to pay any federal, state or local income tax on behalf of, or withhold such amount with respect to, any Partner or Assignee or any former Partner or Assignee (a) the General Partner shall cause the Partnership to pay such tax on behalf of such Partner or Assignee or former Partner or Assignee from the funds of the Partnership; (b) any amount so paid on behalf of, or withheld with respect to, any Partner or Assignee shall constitute a distribution out of Available Cash to such Partner or Assignee pursuant to Section 5.3 (except as otherwise provided in Section 5.6(a)); and (c) to the extent any such Partner or Assignee (but not a former Partner or Assignee) is not then entitled to such distribution under this Agreement, the General Partner shall be authorized, without the approval of any Partner or Assignee, to amend this Agreement insofar as is necessary to maintain the uniformity of intrinsic tax characteristics as to all LP Units and to make subsequent adjustments to distributions in a manner which, in the reasonable judgment of the General Partner, will make as little alteration as practicable in the priority and amount of distributions otherwise applicable under this Agreement, and will not otherwise alter the distributions to which Partners and Assignees are entitled under this Agreement. If the Partnership is permitted (but not required) by applicable law to pay any such tax on behalf of any Partner or Assignee or former Partner or Assignee, the General Partner shall be authorized (but not required) to cause the Partnership to pay such tax from the funds of the Partnership and to take any action consistent with this Section 9.7. The General Partner shall be authorized (but not required) to take all necessary or appropriate actions to collect all or any portion of a deficiency in the payment of any such tax that relates to prior periods and that is attributable to Persons who were Limited Partners or Assignees when such deficiencies arose, from such Persons.

9.8 Opinions of Counsel. Notwithstanding any other provision of this Agreement, if the Partnership is taxable for federal income tax purposes as a corporation or otherwise taxed for federal income tax purposes as an entity at any time and, pursuant to the provisions of this Agreement, an Opinion of Counsel would otherwise be required to the effect that an action will not cause the Partnership to become so taxable as a corporation or other entity or to be treated as an association taxable as a corporation, such requirement for an Opinion of Counsel shall be deemed automatically waived.

ARTICLE 10 - LP UNIT CERTIFICATES

10.1 LP Unit Certificates. Upon the Partnership's issuance of LP Units to any Person, the Partnership shall issue one or more LP Unit Certificates in the name of such Person evidencing the number of such LP Units being so issued. LP Unit Certificates shall be executed on behalf of the Partnership by the General Partner. No LP Unit Certificate shall be valid for any purpose until it has been countersigned by the Transfer Agent.

10.2 Registration, Registration of Transfer and Exchange.

(a) The General Partner shall cause to be kept on behalf of the Partnership a register (the "LP Unit Register") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 10.2(b), the General Partner will provide for

the registration and the transfer of such LP Units. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering and transferring of LP Units as herein provided. The Partnership shall not recognize transfers of LP Unit Certificates representing LP Units unless same are effected in the manner described in this Section 10.2. Upon surrender for registration of transfer of any LP Units evidenced by an LP Unit Certificate and subject to the provisions of Section 10.2(b), the General Partner on behalf of the Partnership will execute, and the Transfer Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new LP Unit Certificates evidencing the same aggregate number of LP Units as was evidenced by the LP Unit Certificate so surrendered.

(b) Except as otherwise provided in Section 11.5, the Partnership shall not recognize any transfer of LP Units until the LP Unit Certificates evidencing such LP Units are surrendered for registration of transfer and such LP Unit Certificates are accompanied by a Transfer Application duly executed by the transferee (or the transferee's attorney-in-fact duly authorized in writing). No charge shall be imposed by the Partnership for such transfer, provided, that, as a condition to the issuance of any new LP Unit Certificate under this Section 10.2, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

10.3 Mutilated, Destroyed, Lost or Stolen LP Unit Certificates.

(a) If any mutilated LP Unit Certificate is surrendered to the Transfer Agent, the General Partner on behalf of the Partnership shall execute, and, upon its request, the Transfer Agent shall countersign and deliver in exchange therefor, a new LP Unit Certificate evidencing the same number of LP Units as the LP Unit certificate so surrendered.

(b) The General Partner on behalf of the Partnership shall execute, and, upon its request, the Transfer Agent shall countersign and deliver a new LP Unit Certificate in place of any LP Unit Certificate previously issued if the Record Holder of the LP Unit Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued LP Unit Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new LP Unit Certificate before the Partnership has noticed that the LP Unit Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the Partnership such security or indemnity as may be required by the General Partner, in form and substance satisfactory to the General Partner, with surety or sureties and with fixed or open penalty as the General Partner may direct, in its sole discretion, to indemnify the Partnership, the General Partner and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the LP Unit Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner.

If a Limited Partner or Assignee fails to notify the Partnership within a reasonable time after he has notice of the loss, destruction or theft of an LP Unit Certificate, and a transfer of the LP Units represented by the LP Unit Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Limited Partner or Assignee shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new LP Unit Certificate.

(c) As a condition to the issuance of any LP Unit Certificate under this Section 10.3, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including, without limitation, the fees and expenses of the Transfer Agent) connected therewith.

10.4 Record Holder. In accordance with Section 10.2(b), the Partnership shall be entitled to recognize the Record Holder as the Limited Partner or Assignee with respect to any LP Units and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such LP Units on the part of any other Person, whether or not the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which and LP Units are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding LP Units, as between the Partnership on the one hand and such other Persons on the other hand, such representative Person (a) shall be the Limited Partner or Assignee (as the case may be) of record and beneficially, (b) must execute and deliver a Transfer Application and (c) shall be bound by this Agreement and shall have the rights and obligations of a Limited Partner or Assignee (as the case may be) hereunder and as provided for herein.

ARTICLE 11 - TRANSFER OF INTERESTS

11.1 Transfer.

(a) The term "transfer," when used in this Article 11 with respect to a Partnership Interest, shall be deemed to refer to an appropriate transaction by which the General Partner assigns its Partnership Interest as General Partner to another Person or by which the holder of an LP Unit assigns such LP Unit to another Person who is or becomes an Assignee and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void.

11.2 Transfer of General Partner's Partnership Interest.

(a) The General Partner may transfer all, but not less than all, of its Partnership Interest as the General Partner to a single transferee if, but only if, (i) at least 66 2/3% of the Outstanding LP Units approve of such transfer and of the admission of such

transferee as General Partner, (ii) the transferee agrees to assume the rights and duties of the General Partner and be bound by the provisions of this Agreement and (iii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner or of any limited partner of any of the Operating Partnerships or cause the Partnership or any of the Operating Partnerships to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes.

(b) Neither Section 11.2(a) nor any other provision of this Agreement shall be construed to prevent (and all Partners do hereby consent to) (i) the transfer by the General Partner of all of its Partnership interest to an Affiliate or (ii) the transfer by the General Partner of all its Partnership Interest upon its merger, consolidation or other combination into any other Person or the transfer by it of all or substantially all of its assets to another Person if, in the case of a transfer described in either clause (i) or (ii) of this sentence, the rights and duties of the General Partner with respect to the Partnership Interest so transferred are assumed by the transferee and the transferee agrees to be bound by the provisions of this Agreement; provided, that in either such case, that such transferee furnishes to the Partnership an Opinion of Counsel that such merger, consolidation, combination, transfer or assumption will not result in a loss of limited liability of any Limited Partner or of any limited partner of the any of the Operating Partnerships or cause the Partnership or any of the Operating Partnerships to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes. In the case of a transfer pursuant to this Section 11.2(b), the transferee or successor (as the case may be) shall be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

11.3 Transfer of LP Units.

(a) LP Units may be transferred only in the manner described in Section 10.2. The transfer of any LP Units and the admission of any new Partner shall not constitute an amendment to this Agreement.

(b) Until admitted as a Substituted Limited Partner pursuant to Article 12, the Record Holder of an LP Unit shall be an Assignee in respect of such LP Unit. Limited Partners may include custodians, nominees or any other individual or entity in its own or any representative capacity.

(c) Each distribution in respect of LP Units shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holders thereof as of the Record Date set for the distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(d) A transferee who has completed and delivered a Transfer Application shall be deemed to have (i) requested admission as a Substituted Limited Partner, (ii) agreed to comply with and be bound by and to have executed this Agreement, (iii) represented and warranted that such transferee has the capacity and authority to enter into this Agreement, (iv)

made the powers of attorney set forth in this Agreement and (v) given the consents and made the waivers contained in this Agreement.

11.4 Restrictions on Transfers. Notwithstanding the other provisions of this Article 11, no transfer of any LP Unit or interest therein of any Limited Partner or Assignee shall be made if such transfer would (a) violate the then applicable federal or state securities laws or rules and regulations of the Securities and Exchange Commission, any state securities commission or any other governmental authorities with jurisdiction over such transfer, (b) result in the taxation of the Partnership as a corporation or otherwise taxed as an entity for federal income tax purposes or (c) affect the Partnership's existence or qualification as a limited partnership under the Delaware Act.

11.5 Citizenship Certificates; Non-citizen Assignees.

(a) If the Partnership or a Subsidiary is or becomes subject to any federal, state or local law or regulation which, in the reasonable determination of the General Partner, provides for the cancellation or forfeiture of any property in which the Partnership or a Subsidiary has an interest based on the nationality, citizenship or other status of a Limited Partner or Assignee, the General Partner may request any Limited Partner or Assignee to furnish to the General Partner, within thirty days after receipt of such request, an executed Citizenship Certification or such other information concerning his nationality, citizenship or other status (or, if the Limited Partner or Assignee is a nominee holding for the account of another Person, the nationality, citizenship or other status of such Person) as the General Partner may request. If a Limited Partner or Assignee fails to furnish to the General Partner within the aforementioned thirty-day period such Citizenship Certification or other requested information or if upon receipt of such Citizenship Certification or other requested information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the LP Units owned by such Limited Partner or Assignee shall be subject to redemption in accordance with the provisions of Section 11.6. In addition, the General Partner may require that the status of any such Limited Partner or Assignee be changed to that of a Non-citizen Assignee, and, thereupon, the General Partner shall be substituted for such Non-citizen Assignee as the Limited Partner in respect of his LP Units.

(b) (b) The General Partner shall, in exercising voting rights in respect of LP Units held by it on behalf of Non-citizen Assignees, distribute the votes in the same ratios as the votes of Limited Partners in respect of LP Units other than those of Non-citizen Assignees are cast, either foil against or abstaining as to the matter.

(c) Upon dissolution of the Partnership, a Non-citizen Assignee shall have no right to receive a distribution in kind pursuant to Section 14.4 but shall be entitled to the cash equivalent thereof, and the General Partner shall provide cash in exchange for an assignment of the Non-citizen Assignee's share of the distribution in kind. Such payment and assignment shall be treated for Partnership purposes as a purchase by the General Partner from the Non-citizen Assignee of his Partnership Interest (representing his right to receive his share of such distribution in kind).

(d) At any time after he can and does certify that he has become an Eligible Citizen, a Non-citizen Assignee may, upon application to the General Partner, request admission as a Substituted Limited Partner with respect to any LP Units of such Non-citizen Assignee not redeemed pursuant to Section 11.6, and upon his admission pursuant to Section 12.2 the General Partner shall cease to be deemed to be the Limited Partner in respect of the Non-citizen Assignee's LP Units.

11.6 Redemption of Interests.

(a) If at any time a Limited Partner or Assignee fails to furnish a Citizenship Certification or other information requested within the thirty-day period specified in Section 11.5(a), or if upon receipt of such Citizenship Certification or other information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Partnership may, unless the Limited Partner or Assignee establishes to the satisfaction of the General Partner that such Limited Partner or Assignee is an Eligible Citizen or has transferred his LP Units to a Person who furnishes a Citizenship Certification to the General Partner prior to the date fixed for redemption as provided below, redeem the Partnership Interest of such Limited Partner or Assignee as follows:

(i) The General Partner shall, not later than the thirtieth day before the date fixed for redemption, give notice of redemption to the Limited Partner or Assignee, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable LP Units, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon surrender of the LP Unit Certificate evidencing the Redeemable LP Units and that on and after date fixed for redemption no further allocations or distributions to which the Limited Partner or Assignee would otherwise be entitled in respect of the Redeemable LP Units will accrue or be made.

(ii) The aggregate redemption price for Redeemable LP Units shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of LP Units of the class to be so redeemed multiplied by the number of LP Units of each such class included among the Redeemable LP Units. The redemption price shall be paid, in the sole discretion of the General Partner, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 10% annually and payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) Upon surrender by or on behalf of the Limited Partner or Assignee, at the place specified in the notice of redemption, of the LP Unit Certificate evidencing the Redeemable LP Units, duly endorsed in blank or accompanied by an assignment duly executed in blank, the Limited Partner or Assignee or his duly authorized representative shall be entitled to receive the payment therefor.

(iv) After the redemption date, Redeemable LP Units shall no longer constitute issued and Outstanding LP Units.

(b) The provisions of this Section 11.6 shall also be applicable to LP Units held by a Limited Partner or Assignee as nominee of a Person determined to be other than an Eligible Citizen.

(c) Nothing in this Section 11.6 shall prevent the recipient of a notice of redemption from transferring his LP Units before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided, the transferee of such LP Units certifies in the Transfer Application that he is an Eligible Citizen. If the transferee fails to make such certification, such redemption shall be effected from the transferee on the original redemption date.

(d) If the Partnership is or becomes subject to any federal, state or local law or regulation which, in the reasonable determination of the General Partner, provides for the cancellation or forfeiture of any property in which the Partnership or a Subsidiary has an interest, based on the nationality (or other status) of the General Partner, whether or not in its capacity as such, the Partnership may, unless the General Partner has furnished a Citizenship Certification or transferred its Partnership Interest or LP Units to a Person who furnishes a Citizenship Certification prior to the date fixed for redemption, redeem the Partnership Interest or Interests of the General Partner in the Partnership as provided in Section 11.7(a). If such redemption includes a redemption of the Departing Interest, the redemption price thereof shall be equal to the aggregate sum of the Current Market Price (the date of determination for which shall be the date fixed for redemption) of each class of LP Units then Outstanding, in each such case multiplied by the number of LP Units of such class into which the Departing Interest would then be convertible under the terms of Section 13.3(b) if the General Partner were to withdraw or be removed as the General Partner (the date of determination for which shall be the date fixed for redemption). The redemption price shall be paid in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 10% annually and payable in three equal annual installments of principal, together with accrued interest, commencing one year after the redemption date.

ARTICLE 12 - ADMISSION OF PARTNERS

12.1 Admission of Substituted Limited Partners. By transfer of an LP Unit in accordance with Article 11, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of an LP Unit Certificate shall, however, only have the authority to convey to a purchaser or other transferee who does not execute and deliver a Transfer Application (i) the right to negotiate such LP Unit Certificate to a purchaser or other transferee and (ii) the right to transfer the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred LP Units. Each transferee of an LP Unit (including, without limitation, any nominee holder or an agent acquiring such LP Unit for the account of another Person) who executes and delivers a Transfer Application shall, by virtue of such execution and delivery, be an Assignee and be deemed to have applied to become a Substituted Limited Partner with respect to the LP Units so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (i) at such time as the General Partner consents thereto, which consent may be given or withheld in the General

Partner's sole discretion, and (ii) when any such admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall be an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including, without limitation, liquidating distributions, of the Partnership. With respect to voting rights attributable to LP Units that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto and shall, in exercising the voting rights in respect of such LP Units on any matter, vote such LP Units at the written discretion of the Assignee who is the Record Holder of such LP Units. If no such written direction is received, such LP Units will not be voted. An Assignee shall have no other rights of a Limited Partner.

12.2 Admission of Successor General Partner. A successor General Partner approved pursuant to Section 13.1 or the transferee of or successor to all of the General Partner's Partnership Interest pursuant to Section 11.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 13.1 or the transfer of the General Partner's Partnership Interest pursuant to Section 11.2; provided, however, that no such successor shall be admitted to the Partnership until the terms of Section 11.2 have been complied with. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

12.3 Admission of Additional Limited Partners.

(a) A person (other than a Substituted Limited Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 1.4 and (ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 12.3, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

12.4 Amendment of Agreement and Certificate of Limited Partnership. To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, to prepare and file an amendment to the Certificate of Limited Partnership and may for this purpose, among others, exercise the power of attorney granted pursuant to Section 1.4.

ARTICLE 13 - WITHDRAWAL OR REMOVAL OF PARTNERS

13.1 Withdrawal of the General Partner.

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 11.2:

(iii) the General Partner is removed pursuant to Section 13.2;

(iv) the General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition; (C) files a petition or answer seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this sentence; or (E) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) a final and non-appealable judgment is entered by a court with appropriate jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect; or

(vi) a certificate of dissolution or its equivalent is filed for the General Partner, or ninety days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation.

If an Event of Withdrawal specified in this Section 13.1(a)(iv), (v) or (vi) occurs, the withdrawing General Partner shall give written notice to the Limited Partners within thirty days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 13.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal will not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period prior to January 1, 2000 the General Partner voluntarily withdraws by giving at least ninety days' advance notice of its intention to withdraw to the Limited Partners, provided, that prior to the effective date of such withdrawal the withdrawal is approved by at least 66 2/3% of the Outstanding LP Units (including for this purpose LP Units held by the General Partner and its Affiliates); (ii) at any time after December 31, 1999, the General Partner voluntarily withdraws by giving at least ninety days' advance

notice to the Limited Partners, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be a General Partner pursuant to Section 13.1(a)(i) or is removed pursuant to Section 13.2; or (iv) notwithstanding clause (i) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least ninety days' advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at that time such notice is given more than 50% of the Outstanding LP Units that are held by Persons other than by the General Partner and its Affiliates are owned beneficially or of record or controlled at any time by one Person or its Affiliates. If the General Partner gives a notice of withdrawal pursuant to Section 13.1(a)(i) or if the General Partner is removed pursuant to Section 13.2, holders of at least a majority of the Outstanding LP Units (excluding for purposes of such determination LP Units owned by the General Partner and its Affiliates) may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Limited Partners as provided herein or the Partnership does not receive an Opinion of Counsel that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or of the limited partner of any of the Operating Partnerships or cause the Partnership or any of the Operating Partnerships to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes, the Partnership shall be dissolved in accordance with Section 14.1. If a successor General Partner is elected and the Opinion of Counsel is rendered as provided in the immediately preceding sentence, such successor shall be admitted (subject to Section 12.2) immediately prior to the effective time of the withdrawal or removal of the Departing Partner and shall continue the business of the Partnership without dissolution.

13.2 Removal of the General Partner. The General Partner may be removed if such removal is approved by at least 66 2/3% of the Outstanding LP Units held by Persons other than the General Partner and its Affiliates. Any such action by the Limited Partners for removal of the General Partner must also provide for the election and succession of a new General Partner. Such removal shall be effective immediately following the admission of the successor General Partner pursuant to Article 12. The right of the Limited Partners to remove the General Partner shall not exist or be exercised unless the Partnership has received an Opinion of Counsel that the removal of the General Partner and the selection of a successor General Partner will not result in the loss of limited liability of any Limited Partner or of the limited partner of any of the Operating Partnerships or the taxation of the Partnership or any of the Operating Partnerships as a corporation or otherwise taxed as an entity for federal income tax purposes.

13.3 Interest of Departing Partner and Successor General Partner.

(a) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the Limited Partners under circumstances where Cause does not exist, the Departing Partner shall, at its option exercisable prior to the effective date of the departure of such Departing Partner, promptly receive from its successor in exchange for its Partnership Interest as General Partner an amount in cash equal to the fair market value of the Departing Partner's Partnership Interest as General Partner, such amount to be determined and payable as of the effective date of its departure. If the General Partner is removed by the Limited Partners under circumstances where Causes exists or if the General Partner withdraws under circumstances where such

withdrawal violates this Agreement or the Operating Partnership Agreements, its successor shall have the option described in the immediately preceding sentence, and the Departing Partner shall not have such option. In either event, the Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including, without limitation, any employee-related liabilities (including, without limitation, severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership or any Subsidiary. Subject to Section 13.3(b), the Departing Partner shall, as of the effective date of its departure, cease to share in any allocations or distributions with respect to its Partnership Interest as the General Partner and Partnership income, gain, loss, deduction and credit will be prorated and allocated as set forth in Section 5.2(g).

For purposes of this Section 13.3(a), the fair market value of the Departing Partner's Partnership Interest as the general partner of the Partnership herein (the "Departing Interest") shall be determined by agreement between the Departing Partner its successor or, failing agreement within thirty days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other experts and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within forty-five days after the effective date or such departure, then the Departing Partner shall designate an independent investment banking firm or other independent expert, the Departing Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which shall determine the fair market value of the Departing Interest. In making its determination, such independent investment banking firm or other independent expert shall consider the then current trading price of LP Units on any National Securities Exchange on which LP Units are then listed, the value of the Partnership's assets, the rights and obligations of the General Partner and other factors it may deem relevant.

(b) If the Departing Interest is not acquired in the manner set forth in Section 13.3(a) the Departing Partner and its Affiliate shall become a Limited Partner and their Departing Interest shall be converted into Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 13.3(a), without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor). Any successor General Partner shall indemnify the Departing Partner as to all debts and liabilities of the Partnership arising on or after the date on which the Departing Partner becomes a Limited Partner. For purposes of this Agreement, conversion of the General Partner's Partnership Interest to Units will be characterized as if the General Partner contributed its Partnership Interest to the Partnership in exchange for the newly-issued Units.

(c) If the option described in Section 13.3(a) is not exercised by the party entitled to do so, the successor General Partner shall, at the effective date of its admission to the Partnership, contribute to the capital of the Partnership cash in an amount such that its Capital Account, after giving effect to such contribution and any adjustments made to the Capital Accounts of all Partners pursuant to Section 4.3(d)(i), shall be equal to that percentage of the Capital Accounts of all Partners that is equal to its Percentage Interest as the General Partner. In such event, each successor General Partner shall, subject to the following sentence, be entitled to such Percentage Interest of all Partnership allocations and distributions and any other allocations and distributions to which the Departing Partner was entitled. In

addition, such successor General Partner shall cause this Agreement to be amended to reflect that, from and after the date of such successor General Partner's admission, the successor General Partner's interest in all Partnership distributions and allocations shall be 1.999999%, and that of the Unitholders shall be 98.000001%.

13.4 Withdrawal of Limited Partners. No Limited Partner shall have any right to withdraw from the Partnership; provided, however, that when a transferee of a Limited Partner's LP Units becomes a Record Holder, such transferring Limited Partner shall cease to be a Limited Partner with respect to the LP Units so transferred.

ARTICLE 14 - DISSOLUTION AND LIQUIDATION

14.1 Dissolution. The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs should be wound up, upon:

(a) the expiration of its term as provided in Section 1.5;

(b) an Event of Withdrawal of the General Partner as provided in Section 13.1(a), unless a successor is named as provided in Section 13.1(b) and the continuation of the business of the Partnership is approved by at least 66 2/3% of the Outstanding LP Units (and all Limited Partners hereby expressly consent that such approval may be effected upon written consent of at least 66 2/3% of the Outstanding LP Units);

(c) an election to dissolve the Partnership by the General Partner that is approved by at least 66 2/3% of the Outstanding LP Units (and all Limited Partners hereby expressly consent that such approval may be effected upon written consent of at least 66 2/3% of the Outstanding LP Units);

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

(e) the sale of all or substantially all of the assets and properties of the Partnership and its Subsidiaries, taken as a whole.

14.2 Liquidation. Upon dissolution of the Partnership, the General Partner, or in the event the General Partner has been dissolved or removed, become bankrupt as set forth in Section 13.1 or withdrawn from the Partnership, a liquidator or liquidating committee approved by at least 66 2/3% of the Outstanding LP Units, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by at

least 66 2/3% of the Outstanding LP Units. The Liquidator shall agree not to resign at any time without fifteen days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause by notice of removal approved by at least 66 2/3% of the Outstanding LP Units. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within thirty days thereafter be approved by at least 66 2/3% of the Outstanding LP Units. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article 14, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 6.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding-up and liquidation of the Partnership as provided for herein. The Liquidator shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including, without limitation, Partners who are creditors, in the order of priority provided by law; and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidator to be appropriate for such purposes;

(b) to all Partners in accordance with the positive balances in their respective Capital Accounts after taking into account adjustments to such Capital Accounts pursuant to Section 5.1(c).

14.3 Distributions in Kind. Notwithstanding the provisions of Section 14.3, which require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including, without limitation, those to Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 14.3, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Limited Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreement governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

14.4 Cancellation of Certificate of Limited Partnership. Upon the completion of the distribution of Partnership cash and property as provided in Sections 14.3 and 14.4, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of

Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

14.5 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of business and affairs of the Partnership and the liquidation of its assets pursuant to Section 14.3 in order to minimize any losses otherwise attendant upon such winding up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

14.6 Return of Capital. The General Partner shall not be personally liable for the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

14.7 No Capital Account Restoration. No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership.

14.8 Waiver of Partition. Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE 15 - AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

15.1 Amendment to be Adopted Solely by General Partner. Each Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partners and Assignees), without the approval of any Limited Partner or Assignee, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or that is necessary or advisable in the opinion of the General Partner to ensure that the Partnership will not be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change (i) that, in the sole discretion of the General Partner, does not adversely affect the Limited Partners in any material respect, (ii) that is necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state agency, or judicial authority or contained in any federal or state statute (including, without limitation, the Delaware Act) or that is necessary or appropriate to facilitate the trading

of the LP Units (including, without limitation, the division of Outstanding LP Units into different classes to facilitate uniformity of tax consequences within such classes (of LP Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which any LP Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partners or (iii) that is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(f) subject to the terms of Section 4.1, an amendment that the General Partner determines in its sole discretion to be necessary or appropriate in connection with the authorization for issuance of any class or series of LP Units pursuant to Section 4.1;

(g) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(h) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 16.3; or

(i) any other amendments similar to the foregoing.

15.2 Amendment Procedures. Except as provided in Sections 15.1 and 15.3, all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed solely by the General Partner. Each such proposal shall contain the text of the proposed amendment. If an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of Outstanding LP Units or call a meeting of the Limited Partners to consider and vote on such proposed amendment. A proposed amendment shall be effective upon its approval by the holders of at least 66 2/3% of the Outstanding LP Units unless a greater or different percentage is required under this Agreement; provided that if the effect of any amendment shall be to affect materially and adversely any holders of LP Units of a particular class in relation to any other class of LP Units, the affirmative vote of the holders of at least a majority in interest of the Outstanding LP Units of the class so affected shall be required to adopt such amendment. The General Partner shall notify all Record Holders upon final adoption of any proposed amendment.

15.3 Amendment Requirements.

(a) Notwithstanding the provisions of Sections 15.1 and 15.2, no provision of this Agreement that establishes a percentage of Outstanding LP Units required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting requirement unless such amendment is approved by the written

consent or the affirmative vote of Unitholders whose aggregate percentage of Outstanding LP Units constitute not less than the voting requirement sought to be reduced.

(b) (b) Notwithstanding the provisions of Sections 15.1 and 15.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner or, without its consent, which may be given or withheld in its sole discretion, of the General Partner, (ii) modify the compensation payable to the General Partner or any of its Affiliates by the Partnership or any Subsidiary, (iii) change Section 14.1(a) or (c), (iv) restrict in any way any action by or rights of the General Partner as set forth in this Agreement, (v) change the term of the Partnership or, except as set forth in Section 14.1(c), give any Person the right to dissolve the Partnership or (vi) modify the last sentence of Section 1.2.

(c) Except as otherwise provided, the General Partner may amend the Partnership Agreement without the approval of Unitholders, except that any amendment that would have a material adverse effect on the holders of any class of Outstanding LP Units must be approved by the holders of not less than 66 2/3% of the Outstanding LP Units of such class.

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 6.3 or 15.1, no amendments shall become effective without the approval of the Record Holders of 95% of the LP Units unless the Partnership obtains an Opinion of Counsel to the effect that (a) such amendment will not cause the Partnership or any of the Operating Partnerships to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes and (b) such amendment will not affect the limited liability of any Limited Partner or any limited partner of any of the Operating Partnerships under applicable law.

(e) This Section 15.3 shall only be amended with the approval of not less than 95% of the Outstanding LP Units.

15.4 Meetings. All acts of Limited Partners to be taken hereunder shall be taken in the manner provided in this Article 15. Meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding LP Units of the class for which a meeting is proposed. Limited Partners shall call a meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a meeting and indicating the general or specific purposes for which the meeting is to be called. Within sixty days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not more than sixty days after the mailing of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

15.5 Notice of a Meeting. Notice of a meeting called pursuant to Section 15.4 shall be given to the Record Holders in writing by mail or other means of written communication in accordance with Section 17.1. The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

15.6 Record Date. For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 15.11, the General Partner may set a Record Date, which shall not be less than ten nor more than sixty days before (a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which any LP Units are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals.

15.7 Adjournment. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than forty-five days. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than forty-five days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article 15.

15.8 Waiver of Notice; Approval of Meeting; Approval of Minutes. The transactions of any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Limited Partners entitled to vote, present in person or by proxy, signs a written waiver of notice or an approval of the holding of the meeting or an approval of the minutes thereof. All waivers and approvals shall be filed with the Partnership records or made a part of the minutes of the meeting. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting, except when the Limited Partner disapproves, at the beginning of the meeting, the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, in either case if the disapproval is expressly made at the meeting.

15.9 Quorum. The holders of 66 2/3% of the Outstanding LP Units of the class for which a meeting has been called represented in person or by proxy shall constitute a quorum at a meeting of Limited Partners of such class unless any such action by the Limited Partners requires approval by holders of a majority in interest of such LP Units, in which case the quorum shall be a majority. At any meeting of the Limited Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Limited Partners holding Outstanding LP Units that in the aggregate represent at least 66 2/3% of the Outstanding LP Units entitled to vote and be present in person or by proxy at such meeting shall be deemed to constitute the act of all Limited Partners, unless a greater or different percentage is required with respect to such action under the provisions of this Agreement, in which case the act of the Limited Partners holding

Outstanding LP Units that in the aggregate represent at least such greater or different percentage shall be required. The Limited Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of Outstanding LP Units specified in this Agreement. In the absence of a quorum, any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of a majority of the Outstanding LP Units represented either in person or by proxy, but no other business may be transacted, except as provided in Section 15.7.

15.10 Conduct of Meeting. The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including, without limitation, the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 15.4, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting, in either case including, without limitation, a Partner or a director or officer of the General Partner. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including, without limitation, regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals in writing.

15.11 Action Without a Meeting. Any action that may be taken at a meeting of the Limited Partners may be taken without a meeting if an approval in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage of the Outstanding LP Units that would be necessary to authorize to take such action at a meeting at which all the Limited Partners were present and voted. Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved in writing. The General Partner may specify that any written ballot submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than twenty days, specified by the General Partner. If a ballot returned to the Partnership does not vote all of the LP Units held by the Limited Partner, the Partnership shall be deemed to have failed to receive a ballot for the LP Units that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner, (b) approvals sufficient to take the action proposed are dated as of a date not more than ninety days prior to the date sufficient approvals are deposited with the Partnership and (c) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability, (ii) will not jeopardize the status of the Partnership as a partnership under applicable tax laws and regulations

and (iii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners.

15.12 Voting and Other Rights.

(a) Only those Record Holders of LP Units on the Record Date set pursuant to Section 15.6 shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which holders of the Outstanding LP Units have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding LP Units shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding LP Units.

(b) With respect to LP Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such LP Units are registered, such broker, dealer or other agent shall, in exercising the voting rights in respect of such LP Units on any matter, and unless the arrangement between such Persons provides otherwise, vote such LP Units in favor of, and at the direction of, the Person who is the beneficial owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 15.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 10.4.

ARTICLE 16 - MERGER

16.1 Authority. The Partnership may merge or consolidate with one or more corporations, business trusts or associations, real estate investment trusts, common law trusts, limited liability companies or unincorporated businesses, including, without limitation, a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article.

16.2 Procedure for Merger or Consolidation. Merger or consolidation of the Partnership pursuant to this Article requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The name and jurisdiction of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdictions of formation or organization of the business entity that is to survive the proposed merger or consolidation (hereafter designated as the "Surviving Business Entity");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partnership interests, securities or rights of any constituent business entity are not to be

exchanged or converted solely for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partnership interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partnership interest are to receive in exchange for, or upon conversion of, their securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity or any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 16.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, it shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Any amendment to this Agreement or the adoption, if any, of a new limited partnership agreement for any limited partnership that is the Surviving Business Entity, as permitted by Section 211(g) of the Delaware Act.

(h) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

16.3 Approval by Limited Partners of Merger or Consolidation.

(a) The General Partner of the Partnership, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of Limited Partners whether at a meeting or by written consent, in either case in accordance with the requirements of Article 15. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a meeting or the written consent.

(b) The Merger Agreement shall be approved upon receiving the affirmative vote or consent of the holders of at least 66 2/3% of the Outstanding LP Units, unless the Merger Agreement contains any provision which, if contained in an amendment to this Agreement, the provisions of this Agreement or the Delaware Act would require the vote or consent of a greater percentage of the Outstanding LP Units of the Limited Partners or of any class of Limited Partners, in which case such greater percentage vote or consent shall be required for approval of the Merger Agreement.

(c) After such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger pursuant to Section 16.4, the merger or

consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

16.4 Certificate of Merger. Upon the required approval by the General Partner and Limited Partners of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

16.5 Effect of Merger.

(a) Upon the effective date of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and shall not be in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interest in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

ARTICLE 17 - RIGHT TO ACQUIRE LP UNITS

17.1 Right to Acquire LP Units.

(a) Notwithstanding any provision of this Agreement, if at any time less than 15% of the total LP Units then issued and Outstanding are held by Persons other than the General Partner and its Affiliates, the General Partner shall then have the right which right it may assign and transfer to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of the LP Units then Outstanding held by Persons other than the General Partner and its Affiliates, at the higher of (a) the highest cash price paid by the General Partner or any of its Affiliates for any LP Unit purchased during the ninety-day period preceding the date that the notice described in Section 17.1(c) is mailed and (b) the Current Market Price (as defined below) as of the date the General Partner (or any of its assignees) mails the notice described in Section 17.1(b) of its election to purchase such LP Units.

As used in this Agreement, (i) "Current Market Price" of an LP Unit listed or admitted to trading on any National Securities Exchange means the average of the daily Closing Prices (as hereinafter defined) per LP Unit of such class for the twenty consecutive Trading Days (as hereinafter defined) immediately prior to, but not including, such date; (ii) "Closing Price" for any day means the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the LP Units of a class are not listed or admitted to trading on the New York Stock Exchange as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal National Securities Exchange on which the LP Units of such class are listed or admitted to trading or, if the LP Units of a class are not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over-the counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other system then in use, or if on any such day the LP Units of a class are not quoted by any such organization, the average of the closing bid and asked priced on such day as furnished by a professional market maker making a market in the LP Units of such class selected by the Board of Directors of the General Partner, or if on any such day no market maker is making a market in the LP Units of such class, the fair value of such LP Units on such day as determined reasonably and in good faith by the Board of Directors of the General Partner; and (iii) "Trading Day" means a day on which the principal National Securities Exchange on which the LP Units of any class are listed or admitted to trading is open for the transaction of business or, if LP Units of a class are not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City generally are open. Notwithstanding anything herein to the contrary, the Current Market Price of each Class B Unit shall be deemed to be the same as the Current Market Price of one Unit.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase LP Units granted pursuant to Section 17.1(a), the General Partner shall deliver to the Transfer Agent written notice of such election to purchase (the "Notice of Election to Purchase") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of LP Units (as of a Record Date selected by the General Partner) at least ten, but not more than sixty days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published in daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 17.1(a) at which LP Units will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such LP Units, upon surrender of LP Unit Certificates representing such LP Units in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which the LP Units are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of LP Units at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given whether or not the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price

of all of the LP Units to be purchased in accordance with this Section 17.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least ten days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of LP Units subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any LP Unit Certificate shall not have been surrendered for purchase, all rights of the holders of such LP Units (including, without limitation, any rights pursuant to Articles 4, 5 and 14) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 17.1(a)) for the LP Units therefor, without interest, upon surrender to the Transfer Agent of the LP Unit Certificates representing such LP Units, and such LP Units shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such LP Units from and after the Purchase Date and shall have all rights as the owner of such LP Units (including, without limitations, all rights as owner pursuant to Articles 4, 5 and 14).

(c) At any time from and after the Purchase Date, a holder of an Outstanding LP Unit subject to purchase as provided in this Section 17.1 may surrender his LP Unit Certificate, as the case may be, evidencing such LP Unit to the Transfer Agent in exchange for payment of the amount described in Section 17.1(a), therefor without interest thereon.

ARTICLE 18 - GENERAL PROVISIONS

18.1 Addresses and Notices. Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first-class United States mail or by other means of written communication to the Partner or Assignee at the address described below. Any notice, payment or report to be given or made to a Partner or Assignee hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such LP Unit at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Unit or the Partnership Interest of a General Partner by reason of any assignment or otherwise. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 18.1 executed by the General Partner, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report addressed to a Record Holder at the address of such Record Holder appearing on the books and records of the Transfer Agent or the Partnership is returned by the United States Post Office marked to indicate that the United States Postal Service is unable to deliver it, such notice, payment or report and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) if they are available for the Partner or Assignee at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report to the other Partners and Assignees. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the

Partnership designated pursuant to Section 1.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

18.2 Titles and Captions. All article or Section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

18.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall including the plural and vice-versa.

18.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

18.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

18.6 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

18.7 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

18.8 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

18.9 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring an LP Unit, upon executing and delivering a Transfer Application as herein described, independently of the signature of any other party.

18.10 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

18.11 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

18.12 Amendments to Reflect the Contribution Agreement. In addition to the amendments to this Agreement contained in the Contribution Agreement and notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be deemed to be further amended and modified to the extent necessary, but only to the extent necessary, to carry out the purposes and intent of the Contribution Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

TEXAS EASTERN PRODUCTS PIPELINE COMPANY, LLC

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: Texas Eastern Products Pipeline Company, LLC, General Partner, as attorney-in-fact for all Limited Partners pursuant to the Powers of Attorney granted pursuant to Section 1.4.

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

EXHIBIT A

No transfer of the LP Units evidenced hereby will be registered on the books of TEPPCO Partners, L.P. (the "Partnership"), unless the LP Unit Certificates evidencing the LP Units to be transferred are surrendered for registration of transfer and an Application for Transfer of LP Units has been executed by a transferee either (a) on the form set forth below or (b) on a separate application that the Partnership will furnish on request without charge. A transferor of the LP Units shall have no duty to the transferee with respect to execution of the transfer application in order for such transferee to obtain registration of the transfer of the LP Units.

APPLICATION FOR TRANSFER OF LP UNITS

The undersigned ("Assignee") hereby applies for transfer to the name of the Assignee of the LP Units evidenced hereby.

The Assignee (a) requests admission as a Substituted Limited Partner and agrees to comply with and be bound by, and hereby executes, the Agreement of Limited Partnership of TEPPCO Partners, L.P. (the "Partnership"), as amended or restated to the date hereof (the "Partnership Agreement"), (b) represents and warrants that the Assignee has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (c) appoints the General Partner and the liquidator if one is appointed his attorney to execute, swear to, acknowledge and file any document, including, without limitation, the Partnership Agreement, any amendment to the Partnership Agreement and the Certificate of Limited Partnership of the Partnership, necessary or appropriate for the Assignee's admission as a Substituted Limited Partner and as a party to the Partnership Agreement, (d) gives the powers of attorney provided for in the Partnership Agreement and (e) makes the consents and waivers and gives the approvals contained in the Partnership Agreement. Capitalized terms not defined herein have the meanings assigned to such terms in the Partnership Agreement.

Date:

Signature of Assignee

Social Security or other identifying number of Assignee

Name and Address of Assignee

Purchase Price
(including commissions, if any)

TYPE OF ENTITY (CHECK ONE):

- ---------- Individual ---------- Partnership ---------- Corporation

- ---------- Trust ---------- Other (specify): ----------

Note: If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee holder or an agent of any of the foregoing, and is holding for the account of any other person, this application should be completed by an officer thereof or, in the case of a broker or dealer, by a registered representative who is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or, in the case of any other nominee holder, a person performing a similar function. If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee owner or an agent of any of the foregoing, the above certification as to any Person for whom the Assignee will hold the LP Units shall be made to the best of the Assignee's knowledge.

EXHIBIT 3.8

SECOND AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP

SEPTEMBER 21, 2001

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SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP, dated as of September 21, 2001 is entered into by and among TEPPCO GP, Inc., a Delaware corporation, as the General Partner and TEPPCO Partners, L.P., a Delaware limited partnership, as the Limited Partner.

WHEREAS, the Predecessor General Partner (as defined herein) and the Limited Partner entered into that certain Agreement of Limited Partnership of the Partnership dated March 7, 1990 (the "1990 Agreement"); and

WHEREAS, pursuant to Section 14.1 of the 1990 Agreement, the Predecessor General Partner amended and restated the 1990 Agreement on July 21, 1998 (the "1998 Agreement"); and

WHEREAS, pursuant to the Contribution, Assignment and Amendment Agreement dated July 26, 2001 by and among the General Partner and the other parties thereto (the "Contribution Agreement"), the Limited Partner, the General Partner and the Predecessor General Partner amended the 1998 Agreement to provide for the withdrawal of the Predecessor General Partner and the succession of the General Partner as general partner of the Partnership (as defined herein); and

WHEREAS, pursuant to the Contribution Agreement, the Predecessor General Partner transferred a revised general partner interest in the Partnership to a newly formed, wholly owned subsidiary, the General Partner; and

WHEREAS, pursuant to the Contribution Agreement, the Limited Partner, the General Partner and the Predecessor General Partner amended the 1998 Agreement to provide for the conversion of the Predecessor General Partner's remaining general partner interest in the Partnership into a limited partner interest in the Partnership; and

WHEREAS, pursuant to the Contribution Agreement, the Predecessor General Partner contributed its remaining limited partnership interest in the Partnership along with all the outstanding capital stock of the General Partner to the Investor Partnership (as defined herein); and

WHEREAS, the General Partner and the Limited Partner desire to amend and restate the 1998 Agreement in its entirety to more fully reflect the transactions contemplated and the amendments made by the Contribution Agreement together with such other changes as the General Partner and the Limited Partner have determined are necessary and appropriate;

NOW, THEREFORE, pursuant to Article XIV of the 1998 Agreement, the General Partner and the Limited Partner do hereby amend and restate the 1998 Agreement to provide, in its entirety, as follows:

ARTICLE I - ORGANIZATIONAL MATTERS

1.1 Formation. The General Partner and the Limited Partner hereby continue the Partnership as a limited partnership pursuant to the provisions of the Delaware Act, and hereby amend and restate the original Agreement of Limited Partnership in its entirety. Except as expressly provided to the contrary in this Agreement, the rights and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. The Partnership Interest of each Partner shall be personal property for all purposes.

1.2 Name. The name of the Partnership shall be "TE Products Pipeline Company, Limited Partnership." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner, including, without limitation, the name of the General Partner or any Affiliate thereof. The words "Limited Partnership, "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partner of such change in the next regular communication to the Limited Partner. Notwithstanding the foregoing, unless otherwise permitted by PEC and Duke, the Partnership shall change its name to a name not including "TE," "TEPPCO," "Texas Eastern", "PanEnergy" or "Duke" and shall cease using the name "TE," "TEPPCO," "Texas Eastern," "PanEnergy" or Duke or other names or symbols associated therewith at such time as neither Texas Eastern Products Pipeline Company nor another Affiliate of PanEnergy or Duke is the general partner of the Partnership.

1.3 Registered Office: Principal Office. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at The Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801 and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership and the address of the General Partner shall be 2929 Allen Parkway, Houston, Texas 77019-2119, or such other place as the General Partner may from time to time designate by notice to the Limited Partner. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

1.4 Power of Attorney.

(a) The Limited Partner hereby constitutes and appoints each of the General Partner and, if a Liquidator shall have been selected pursuant to Section 13.2, the Liquidator severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate of Limited Partnership and all amendments or restatements thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including, without limitation, conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article X, XI, XII or XIII or the Capital Contribution of any Partner; (E) all certificates, documents and other instruments (including, without limitation, agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates and other instruments necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when the consent or approval of the Limited Partner is required by any provision of this Agreement, the General Partner or the Liquidator may exercise the power of attorney made in this Section 1.4(a) (ii) only after the necessary consent or approval of the Limited Partner.

Nothing contained in this Section 1.4 shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIV, or as may be otherwise expressly provided for in this Agreement

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of the Limited Partner and the transfer of all or any portion of such Limited Partner's Partnership Interest and shall extend to such Limited Partner's heirs, successors, assigns and personal representatives. The Limited Partner hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and the Limited Partner hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. The Limited Partner shall execute and deliver to the General Partner or the Liquidator, within fifteen days after receipt of the General Partner's or the Liquidator's request therefor,

such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

1.5 Term. The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2084, or until the earlier termination of the Partnership in accordance with the provisions of Article XIII.

ARTICLE II - DEFINITIONS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-(2)(g)(i) and 1.701-2(i)(5) to be allocated to such Partner in subsequent years under items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-2(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.4(d).

"Affiliate" means, with respect to any Person, any Other Person that directly or indirectly controls, is controlled by or is under common control with, the Person in question. As used herein, the term control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 5.1 including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; and the General Partner shall, in its sole discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties conveyed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this Agreement of Limited Partnership of TE Products Pipeline Company, Limited Partnership, as it may be amended, supplemented or restated from time to time.

"Available Cash" means, with respect to any calendar quarter, (i) the sum of (A) all cash receipts of the Partnership during such quarter from all sources and (B) any reduction in reserves established in prior quarters, less (ii) the sum of (aa) all cash disbursements of the Partnership during such quarter (excluding cash distributions to Partners, but including disbursements for taxes of the Partnership as an entity, debt service and capital expenditures) and (bb) any reserves established in such quarter in such amounts as the General Partner determines to be necessary or appropriate in its reasonable discretion (x) to provide for the proper conduct of the business of the Partnership (including reserves for future rate refunds or capital expenditures) or (y) to provide funds for distributions with respect to any of the next four calendar quarters and (cc) any other reserves established in such quarter in such amounts as the General Partner determines in its reasonable discretion to be necessary because the distribution of such amounts would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash disbursements of the Partnership which reduce "Available Cash," but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all partners) may be considered to be cash disbursements of the Partnership which reduce "Available Cash", but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to Partners. Notwithstanding the foregoing, "Available Cash" shall not include any cash receipts or reductions in reserves or take into account any disbursements made or reserves established after commencement of the dissolution and liquidation of the Partnership.

"Book-Tax Disparity" means with respect to any item of Contributed Property o: Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 4.4 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly ire accordance with federal income tax accounting principles.

"Capital Account" means the capital account maintained for a Partner pursuant to Section 4.4.

"Capital Contributor" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner has contributed or may contribute to the Partnership pursuant to Section 4.1, 4.2 or 4.4(c)(i).

"Carrying Value" means (a) with respect to a Contributed Property the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' Capital Accounts, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 4.4(d)(i) and 4.4(d)(ii) and to reflect changes, additions or other

adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 6.2 hereof, as such Certificate may be amended and/or restated from time to time.

"Closing Date" means the date on which the "First Time of Delivery" occurs as such term is defined in the Underwriting Agreement.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code or otherwise). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.4(d)(i), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Contributing Partner" means each Partner contributing (or deemed to have contributed on termination and reconstitution of the Partnership pursuant to Section 708 of the Code or otherwise) a Contributed Property.

"Contribution Agreement" has the means set forth in the recitals hereto.

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 5.1(d) (ix).

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et. seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Partner" means a former General Partner, from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 12.1 or Section 12.2.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(1).

"Event of Withdrawal" has the meaning assigned to such term in Section 12.1(a).

"Exchange Act" means the Securities Exchange Act of 1934 as amended, supplemented or restated from time to time, and any successor to such statute.

"General Partner" means TEPPCO GP, Inc., a Delaware corporation, as successor to the Predecessor General Partner, and its successors as general partner of the Partnership and, if the context so requires, its predecessor in interest.

"General Partner Equity Value" means, as of any date of determination, the fair market value of the General Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt.

"Indemnitee" means the General Partner, any Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person.

"Initial Offering" means the initial offering of Units to the public, as described in the Registration Statement.

"Investor Partnership" means TEPPCO Partners, L.P. a Delaware limited partnership.

"Investor Partnership Agreement" means the Agreement of Limited Partnership Agreement of the Investor Partnership, dated March 7, 1990, as such agreement has been amended or restated, or may in the future be amended or restated in accordance with its terms.

"Limited Partner" means the Limited Partner, each Substituted Limited Partner, if any, and each other Person, if any, that is admitted to the Partnership as a limited partner pursuant to Section 11.1 and that is shown as a limited partner on the books and records of the Partnership.

"Limited Partner Equity Value" means, as of any date of determination, the fair market value of the Limited Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt.

"Liquidator" means the General Partner or other Person approved pursuant to Section 13.2 who performs the functions described therein.

"Merger Agreement" has the meaning assigned to such term in Section 15.1.

"Minimum Gain Attributable to Partner Nonrecourse" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(i)(3).

"National Securities Exchange" means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Exchange Act.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 4.4(d) (ii)) at the time such property is distributed,

reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.4(b) and shall not include any items specially allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.4(b) and shall not include any items specifically allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Termination Gain" means, for any taxable period, the sum, if positive, of all items of income, gain or loss recognized by the Partnership from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 4.4(b) and shall not include any items of income, gain or loss specifically allocated under Section 5.1(d). Once an item of income, gain or loss that has been included in the initial computation of Net Termination Gain is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item;

"Net Termination Loss" means, for any taxable period, the sum, if negative, of any items of income, gain or loss recognized by the Partnership from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 4.4(b) and shall not include any items or income, gain or loss specifically allocated under section 5.1(d). Once an item of gain or loss that has been included in the initial computation of Net Termination Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item;

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 5.2(b) (i) (A), 5.2(b) (ii) (A) or 5.2(b) (iv) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deduction" means any and all items of loss, deduction or expenditure (described in Section 705(a) (2) (B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b)(1) and 1.704-2(c), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.704-2(b).

"Opinion of Counsel" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner) acceptable to the General Partner.

"Outstanding" means all Partnership Interests of the Limited Partner that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination.

"Partner" means the General Partner and the Limited Partner.

"Partner Nonrecourse" has the meaning set forth in Treasury Regulation Section 1.704-2(b).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a) (2) (B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i)(1) and 1.704-2(i)(2), are attributable to a Partner Nonrecourse Debt.

"Partnership" means TE Products Pipeline Company, Limited Partnership, a Delaware limited partnership established pursuant to this Partnership Agreement, and any successor thereto.

"Partnership Inception" means the March 7, 1990.

"Partnership Interests" means the interest of a Partner in the Partnership.

"Partnership Minimum Gain" means the amount determined in accordance with the principles of Treasury Regulation Sections 1.704-2(b)(2) and 1.704-2(d).

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"PEC" means PanEnergy Corp., a Delaware corporation.

"Percentage Interest" means as of the date of such determination (a) as to the General Partner, .001% and (b) as to the Limited Partner, 99.999%.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

"Predecessor General Partner " means Texas Eastern Products Pipeline Company, LLC, in its capacity as general partner of the Partnership prior to the transfer of the Predecessor General Partner's Partnership Interests to the General Partner pursuant to the Contribution Agreement.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Sections 734 or 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or assets.

"Record Holder" has the meaning assigned to such term in the Investor Partnership Agreement.

"Registration Statement" means the Registration Statement on Form S-1 (Registration No. 33-32203), as it may have been amended or supplemented from time to time, filed by the Investor Partnership with the Securities and Exchange Commission under the Securities Act to register the offering and sale of the Units in the Initial Offering.

"Required Allocations" means any allocation (or limitation imposed on any allocation) of an item of income, gain, deduction or loss pursuant to (a) the proviso- clause of Sections 5.1(b)(i) or (b) Sections 5.1(d)(i), 5.1(d) (ii), 5.1(d) (iii), 5.1(d)(iv) 5.1(d)(v), 5.1(d) (vi) and 5.1(d) (viii), such allocations (or limitations thereon) being directly or indirectly required by the Treasury Regulations promulgated under Section 704(b) of the Code.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Sections 5.2(b)(i)(A) or 5.2(b) (ii) (A), respectively, to eliminate Book-Tax Disparities.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 15.2(b).

"Termination Capital Transactions" means any sale, transfer or other disposition of property of the Partnership occurring upon or incident to the liquidation and winding up of the Partnership pursuant to Article XIII.

"Unit" has the meaning assigned to such term in the Investor Partnership Agreement.

"Unitholder" means a Person who holds Units.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 4.4(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination the excess, if any, of (a) the (Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 4.4(d)).

ARTICLE III - PURPOSE

3.1 Purpose and Business. The purpose and nature of the business to be conducted by the Partnership shall be (i) to engage in the common carrier transportation of refined petroleum products and liquefied petroleum gases and related products and related terminaling, storage and other activities through ownership of the Pipeline System,, (ii) to engage directly in, or to enter into any partnership, joint venture or similar arrangement to engage in, any business activity that may be lawfully conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (iii) to do anything necessary or appropriate to the foregoing, and (iv) to engage in any other business activity as permitted under Delaware law. The General Partner has no obligation or duty to the Partnership or the Limited Partner to propose or approve, and in its sole discretion may decline to propose or approve, the conduct by the Partnership pursuant to such clauses (ii) and (iv) above of any business other than as contemplated by clause (i) above.

3.2 Powers. The Partnership shall be Empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 3.1 and for the protection and benefit of the Partnership.

ARTICLE IV - CAPITAL CONTRIBUTIONS

4.1 Initial Contributions. The initial Capital Contributions of the General Partner in the initial Limited Partners were made in accordance with Article IV of the 1990 Agreement.

4.2 Additional Capital Contribution by the Investor Partnership. The Investor Partnership, with the consent of the General Partner, may, but shall not be obligated to, make additional Capital Contributions to the Partnership.

4.3 Preemptive Rights. The Limited Partner shall have preemptive rights with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Partnership Interests, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Partnership Interests; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Partnership Interests; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

4.4 Capital Accounts.

(a) The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 4.4(b) and allocated pursuant to Section 5.1 and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 4.4(b) and allocated to such Partner pursuant to Section 5.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided that:

(i) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 5.1.

(ii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b) (2) (iv) (m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(l)(B) or 705(a) (2) (B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(iii) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(iv) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 4.4(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life

(or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(v) If the Partnership's adjusted basis in depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q) (1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 5.1. Any restoration of such basis pursuant to Section 48(q) (2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) Consistent with the provisions of Treasury Regulation Section 1.704-1(b)(2)iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property, the Capital Accounts of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership Property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such Property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 5.1. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of Partnership interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided however, the General Partner, in arriving at such valuation must take into account the Limited Partner Equity Value and the General Partner Equity Value, at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b) (2) (iv) (f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of each Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 5.1. Any Unrealized Gain or Unrealized Loss attributable to such property shall be allocated in the same manner as Net Termination Gain or Net Termination Loss pursuant to Section 5.1(c); provided, however, that, in making any such allocation, Net Termination Gain or Net Termination Loss actually realized shall be allocated first. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including,

without limitation, cash or cash equivalents) immediately prior to a distribution shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt.

4.5 Interest. No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

4.6 No Withdrawal. No Partner shall be entitled to withdraw any part of its Capital Contributions or its Capital Account or to receive any distribution from the Partnership, except as provided herein.

4.7 Loans from Partners. Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

ARTICLE V - ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocations for Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.4(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

(a) Net Income. After giving effect to the special allocations set forth in Section 5.1(d), Net Income for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner until the aggregate Net Income allocated to the General Partner pursuant to this Section 5.1(a) (i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 5.1(b) (ii) for all previous taxable years; and

(ii) Second, the balance, if any, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests.

(b) Net Losses. After giving effect to the special allocations set forth in Section 5.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests, provided, that Net Losses shall not be allocated pursuant to this Section 5.1(b) (ii) to the extent that such allocation would cause any

Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account); and

(ii) Second, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 5.1(d), all items of gain and loss taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 5.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 5.1 and after all distributions of Available Cash have been made with respect to the taxable period ending on the date of the Partnership's liquidation pursuant to Section 13.2.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 4.4(d)) from Termination Capital Transactions, such Net Termination Gain shall be allocated between the General Partner and the Limited Partner in the following manner:

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account; and

(B) Second, 100% to the General Partner and the Limited Partner, in accordance with their respective Percentage Interests.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 4.4(d)) from Termination Capital Transactions, such Net Termination Loss shall be allocated to the Partners in the following manner:

(A) First, 100% to the General Partner and the Limited Partner in proportion to, and to the extent of the positive balances in their respective Capital Accounts; and

(B) Second, the balance, if any, 100% to the General Partner.

(d) Special Allocation. Notwithstanding any other provision of this Section 5.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 5.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in Partnership Minimum Gain during such

taxable period that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-(2)(g)) to the disposition of Partnership property subject to one or more Nonrecourse Liabilities of the Partnership, or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(g)). The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-(2)(f)(6) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d) with respect to such taxable period. This Section 5.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Minimum Gain Attributable to Partner Nonrecourse Debt. Notwithstanding the other provisions of this Section 5.1 (other than Section 5.1(d)(i)), if there is a net decrease in Minimum Gain Attributable to Partner Nonrecourse Debt during any Partnership taxable period, any Partner with a share of Minimum Gain Attributable to Partner Nonrecourse Debt at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in the Minimum Gain Attributable to Partner Nonrecourse Debt that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-2(i)) to the disposition of Partnership property subject to such Partner Nonrecourse Debt or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(i)). The items to be so allocated shall be determined in a manner consistent with the principles of Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d), other than Section 5.1(d)(i), with respect to such taxable period. This Section 5.1(d) (ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. Except as provided in Sections 5.1(d)(i) and 5.1(d) (ii), in the event any Partner unexpectedly receives any adjustments, allocation or distributions described in Treasury Regulation Section 1.704-1(b) (2) (ii) (d) (4), 1.704-1(b) (2) (ii) (d) (5), or 1.704-1(b) (2) (ii) (d) (6), items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d) (iii) shall be made only if and to the extent that such partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided in this Section 5.1 have been tentatively made as if this Section 5.1(d) (iii) were not in this Agreement.

(iv) Gross Income Allocations. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable Period that is in excess of the sum of (A) the amount such Partner is obligated to restore pursuant to any provision of this Agreement and (B) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(i) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d) (iv) shall be made only if and to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 5.1 have been tentatively made as if Section 5.1(d) (iii) and this Section 5.1(d)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in the same ratios that Net Income or Net Losses, as the case may be, is allocated for the taxable year. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-1T(b)(4)(iv)(h). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) Nonrecourse Liabilities. The Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b) (2) (iv) (m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(ix) Curative Allocation. (A) Notwithstanding any other provision of this Section 5.1, other than the Required Allocation provisions, the Required Allocations shall

be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and this Curative Allocation not otherwise been provided in this Section 5.1. Notwithstanding the preceding sentence, Required Allocations relating to (l) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Minimum Gain Attributable to Partner Nonrecourse Debt. Allocations pursuant to this Section 5.1(d) (ix) (A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 5.1(d) (ix) (A) shall be deferred with respect to allocations pursuant to clauses (l) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 5.1(d) (ix) (A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 5 1(d) (ix) (A) among the Partners in a manner that is likely to minimize such economic distortions.

5.2 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 5.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) except as otherwise provided in Section 5.2(b) (iv), any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manners as its correlative items of "book" gain or loss is allocated pursuant to Section 5.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to

such property and the allocators thereof pursuant to Section 4.4(d)(i) or (ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 5.2(b) (i) (A); and (B) except as otherwise provided in Section 5.2(b) (iv), any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iii) Except as otherwise provided in Section 5.2(b) (iv), all other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iv) Any items of income, gain, loss or deduction otherwise allocable under Section 5.2(b)(i)(B), 5.2(b) (ii) (B) or 5.2(b) (iii) shall be subject to allocation by the General Partner in a manner designed to eliminate, to the maximum extent possible, Book-Tax Disparities in a Contributed Property or Adjusted Property otherwise resulting from the application of the "ceiling" limitation (under Section 704(c) of the Code or Section 704(c) principles) to the allocations provided under Section 5.2(b) (i) (A) or 5.2(b) (ii) (A)

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Units of the Investor Partnership (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Units of the Investor Partnership (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 5.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units of the Investor Partnership issued and outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its sole discretion may determine to depreciate the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation method and useful life applied to the Partnership's common basis of such property, despite the inconsistency of such approach with Treasury Regulation Section 1.167(c)-1(a) (6). If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt a depreciation convention under which all purchasers acquiring Units of the Investor Partnership in the same month would receive depreciation, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation convention to preserve the uniformity of the intrinsic tax characteristics of any Units of the Investor Partnership

that would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Units of the Investor Partnership.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 5.2 be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) The General Partner may adopt such methods of allocation of income, gain, loss or deduction between a transferor and a transferee of a Partnership Interest as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

5.3 Requirement of Distributions. Within fifty days following the end of each calendar quarter, an amount equal to 100% of Available Cash with respect to much quarter (or period) shall be distributed by the Partnership to the Partners in accordance with their respective Percentage Interests. The immediately preceding sentence shall not require any distribution of cash if and to the extent such distribution would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject.

ARTICLE VI - MANAGEMENT AND OPERATION OF BUSINESS

6.1 Management. The General Partner shall conduct, direct and exercise full control over all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and the Limited Partner shall have no right of control or management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or desirable (i) to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation, (A) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations and the securing of same by mortgage, deed of trust or other lien or encumbrance; (B) the making of tax, regulatory and other filings., or rendering of periodic or

other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership, (C) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (C) being subject, however, to any prior approval that may be required by Section 6.3); (D) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership, the lending of funds to other Persons and the repayment of obligations of the Partnership; (E) the negotiation, execution and performance of any contracts, conveyances or other instruments (including, without limitation, instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case); (F) the distribution of Partnership cash; (G) the selection and dismissal of employees and agents (including without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (H) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate; (I) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures or other relationships; (J) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (K) the indemnification of any person against liabilities and contingencies to the extent permitted by law; and (L) the undertaking of any action in connection with the Partnership's participation in the business activities that may be made available to it (including, without limitation, contributions or loans of funds by the Partnership in connection with its participation in such business activities).

6.2 Certificate of Limited Partnership. The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the Limited Partner has limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership in which the Limited Partner has limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 7.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to the Limited Partner.

6.3 Restrictions on General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by the Limited Partner or by other written instrument executed and delivered by the Limited Partner subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, without limitation, (i) any act that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement; (ii) possess Partnership property, Or assign any rights in specific Partnership property, for other than a Partnership purpose; (iii) admit a Person as a Partner, except as otherwise provided in this Agreement; (iv) amend this Agreement in any manner, except as otherwise provided in this Agreement; or (v) transfer its interest as general partner of the Partnership, except as otherwise provided in this Agreement.

(b) Except as provided in Article XIII, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination with any other Person) without the approval of the Limited Partner; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets and shall not apply to any forced sale of any or all of the Partnership's assets pursuant to the foreclosure of, or other realization upon, any such encumbrance.

(c) At all times while serving as the general partner of the Partnership, the General Partner shall not make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control if the effect of such dividend, distribution, repurchase or other action would be to reduce its net worth below an amount necessary to receive an Opinion of Counsel that the Partnership will be treated as a partnership for federal income tax purposes.

6.4 Reimbursement of the General Partner.

(a) Except as provided in this Section 6.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its serviced as general partner of the Partnership

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including, without limitation, amounts paid to any Person to perform services for the Partnership) and (ii) that portion of the General Partner's or its Affiliates' legal, accounting, investor communications, utilities, telephone, secretarial, travel, entertainment, bookkeeping, reporting, data processing, office rent and other office expenses (including, without limitation, overhead charges), salaries, fees and other compensation and benefit expenses of employees, officers and directors, other administrative or overhead expenses and all other expenses, in each such case, necessary or appropriate to the conduct of the Partnership's business and allocable to the Partnership or otherwise incurred by the General Partner in connection with operating the Partnership's business (including, without limitation, expenses allocated to the General Partner by its

Affiliates). The General Partner shall determine the fees and expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 6.7. Notwithstanding the foregoing grant of authority, expenses for administrative services and overhead allocated to the Partnership, the Investor Partnership and the General Partner, considered together, by PEC or its Affiliates (excluding the General Partner) shall not exceed $5 million in 1990 and $4 million in each year thereafter during the Support Period (as defined in the Investor Partnership Agreement), subject to a reasonable adjustment for inflation beginning in 1992.

(c) The General Partner in its sole discretion and without the approval of the Limited Partner may propose and adopt on behalf of the Partnership employee benefit plans (including, without limitation, plans involving the issuance of Units), for the benefit of employees of the General Partner, the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership.

6.5 Outside Activities.

(a) After the Closing Date, the General Partner shall limit its activities to those required or authorized by this Agreement.

(b) Except as provided in Section 6.5(a), each Indemnitee is free to engage in any business, including any business that is in competition with the business of the Partnership. The General Partner and any other Persons affiliated with the General Partner may acquire Units or other partnership securities of the Investor Partnership and shall be entitled to exercise all rights of an Assignee or limited partner, as applicable, relating to such Units or partnership securities, as the case may be.

(c) Without limiting Sections 6.5(a) and 6.5(b), but notwithstanding anything to the contrary in this Agreement, the competitive activities of Indemnitees described in the Registration Statement are hereby approved by all Partners, and it shall not be deemed to be a breach of the General Partner's fiduciary duty for the General Partner to permit an Indemnitee to engage in a business opportunity in preference to or to the exclusion of the Partnership.

6.6 Loans to and from the General Partner; Contracts with Affiliates.

(a) The General Partner, the Limited Partner or any Affiliates thereof may lend to the Partnership, and the Partnership may borrow, funds needed or desired by the Partnership for such periods of time as the General Partner may determine; provided, however, that neither the General Partner, the Limited Partner or any of their Affiliates may charge the Partnership interest at a rate greater than the rate that would be charged the Partnership (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The Partnership shall reimburse the General Partner, the Limited Partner or any of their Affiliates, as the case may be, for any costs (other than any additional interest costs) incurred by it in connection with the borrowing of funds obtained by the General Partner, the Limited Partner or any of their Affiliates and loaned to the Partnership.

(b) The Investor Partnership may lend or contribute to the Partnership, and the Partnership may borrow, funds on terms and conditions established in the sole discretion of the General Partner. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of the Investor Partnership or any other Person. The Partnership may not lend funds to the General Partner or any of its Affiliates, otherwise than for short-term funds management purposes.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership. Any service rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

(d) The Partnership may transfer assets to joint ventures, other Partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties.

(f) The General Partner and its Affiliates will have no obligation to permit the Partnership or the Investor Partnership to use any facilities of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 6.6(a) through 6.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement under the caption "Conflicts of Interest and Fiduciary Responsibility" are hereby approved by all Partners.

6.7 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, each Indemnitee shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status

as (i) the General Partner, a Departing Partner or any of their Affiliates, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their Affiliates or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, provided, that in each case the Indemnitee acted in good faith, in a manner which such Indemnitee believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a Presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 6.7 shall be made only out of the assets of the Partnership.

(b) To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.7.

(c) The indemnification provided by this Section 6.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitees' capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or Departing Partner or an Affiliate thereof or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and as to actions in any other capacity.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Person as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of this Agreement.

(e) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.7(a); and action taken or omitted by it with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partner to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in Part under this Section 6.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.7 are for the benefit of the Indemnitees their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligation of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.8 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partner, or any other Persons who have acquired interests in the Partnerships, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 6.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 6.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership and the Limited Partner of the General Partner, its directors, officers and employees under this Section 6.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.9 Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the Investor Partnership Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, or the Investor Partnership, on the other hand, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by the Limited Partner, and shall not constitute a breach of this Agreement, of the Investor Partnership Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is or, by operation of this Agreement is deemed to be, fair and reasonable to

the Partnership. The General Partner shall be authorized in connection with its resolution of any conflict of interest to consider (i) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests (ii) any customary or accepted industry practices and any customary or historical dealings with a Particular Person; (iii) any applicable generally accepted accounting or engineering practices or Principles; and (iv) such additional factors as the General Partner determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion," that it deems necessary or appropriate" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the Investor Partnership, the Limited Partner or any holder of Units, or (ii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Investor Partnership Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner consistent with the standards of "reasonable discretion" set forth in the definition of Available Cash shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership, other than in the ordinary course of business. No borrowing by the Partnership or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to enable the General Partner to receive incentive distributions pursuant to the Investor Partnership Agreement.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

6.10 Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the opinion (including, without limitation, an Opinion of Counsel) of such Persons as to matters that such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or committed in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement so long as such action is reasonably believed by the General Partner to be in the best interests of the Partnership.

6.11 Title to Partnership Assets. Title to Partnership Assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any Ownership interest in such Partnership Assets or any portion thereof. Title to any or all of the Partnership Assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership Assets for which record title is held in the name of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable. All Partnership Assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership Assets are held.

6.12 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. The Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every

certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VII - RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNER

7.1 Limitation of Liability. The Limited Partner shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

7.2 Management of Business. The Limited Partner shall not take part in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partner under this Agreement.

7.3 Return of Capital. The Limited Partner shall not be entitled to the withdrawal or return of his Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement.

7.4 Rights of the Limited Partner Relating to the Partnership.

(a) In addition to other rights provided by this Agreement or by applicable law and except as limited by Section 7.4(b), the Limited Partner shall have the right, for a purpose reasonably related to the Limited Partner's interest as a limited partner to the Partnership, upon reasonable demand and at the Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to him, upon notification to the General Partner, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him, upon notification to the General Partner, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto;

(v) to obtain true and full information regarding the amount of cash and description and statement of the Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) Notwithstanding any other provision of this Agreement, the General Partner may keep confidential from the Limited Partner for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the partnership or the Investor Partnership or that the Partnership or the Investor Partnership is required by law or by agreements with third parties to keep confidential.

ARTICLE VIII - BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 Records and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership business including, without limitation, all books and records necessary to provide to the Limited Partner any information, lists and copies of documents required to be provided pursuant to Section 7.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard disks, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

8.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

ARTICLE IX - TAX MATTERS

9.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety days of the close of each taxable year of the Partnership, the tax information reasonably required by the Limited Partner for federal and state income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes. The taxable year of the Partnership shall be the calendar year.

9.2 Tax Elections. Except as otherwise provided herein, the General Partner shall in its sole discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the

right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole discretion that such revocation is in the best interests of the Limited Partner.

9.3 Tax Controversies. Subject to the provisions hereof, the General Partner is designated the Tax Matters Partner (as defined in Section 6231 of the Code), and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including, without limitation, resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. The Limited Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

9.4 Organizational Expenses. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

9.5 Withholding. Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its sole discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including, without limitation, by reason of Section 1446 of the Code), the amount withheld shall be treated as a distribution of cash pursuant to Section 5.3 in the amount of such withholding from such Partner.

9.6 Opinions of Counsel. Notwithstanding any other provision of this Agreement, if the Partnership is taxable for federal income tax purposes as a corporation or otherwise taxed for federal income tax purposes as an entity at any time and, pursuant to the provisions of this Agreement, an Opinion of Counsel could otherwise be required to the effect that an action will not cause the Partnership to become so taxable as a corporation or other entity or to be treated as an association taxable as a corporation, such requirement for an Opinion of Counsel shall be deemed automatically waived.

ARTICLE X - TRANSFER OF INTERESTS

10.1 Transfer.

(a) The term "transfer," when used in this Article X with respect to a Partnership Interest, shall be deemed to refer to an appropriate transaction by which a Partner disposes of its Partnership Interest to another Person and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article X. Any transfer or purported

transfer of a Partnership Interest not made in accordance with this Article X shall be null and void.

10.2 Transfer of General Partner's Partnership Interest.

(a) Except as set forth in Section 10.2(b), the General Partner may not transfer all or any part of its Partnership Interest.

(b) Neither Section 10.2(a) nor any other provision of this Agreement shall, be construed to prevent (and the Limited Partner does hereby expressly consent to) (i) the transfer by the General Partner of all or a portion of its Partnership Interest to one or more Affiliates, which transferred Partnership Interest, to the extent not transferred to a successor General Partner, shall constitute a Limited Partner's Partnership Interest or (ii) the transfer by the General Partner of all its Partnership Interest upon its merger, consolidation or other combination into any other Person or the transfer by it of all or substantially all of its assets to another Person if, in the case of a transfer described in either clause (i) or (ii) of this sentence, the rights and duties of the General Partner with respect to the Partnership Interest so transferred as a General Partner's Partnership Interest (or the rights and duties of a Limited Partner with respect to the Partnership Interest so transferred as a Limited Partner's Partnership Interest) are assumed by the transferee and the transferee agrees to be bound by the provisions of this Agreement and the Investor Partnership Agreement; provided, that in either such case, such transferee furnishes to the Partnership an Opinion of Counsel that such merger, consolidation, combination, transfer or assumption will not result in a loss of limited liability of the Limited Partner or cause the Partnership to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes. In the case of a transfer pursuant to this Section 10.2(b) to a Person proposed as a successor general partner of the Partnership, the transferee or successor (as the case may be) shall be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

10.3 Transfer of the Limited Partner's Partnership Interest. If the Limited Partner merges, consolidates or otherwise combines into any other Person or transfers all or substantially all of its assets to another Person, such Person may become a substituted Limited Partner pursuant to Article XI. Except as set forth in the immediately preceding sentence, the Limited Partner may not transfer all or any part of its Partnership Interest or withdraw from the Partnership.

ARTICLE XI - ADMISSION OF PARTNERS

11.1 Admission of Substituted Limited Partner. Any Person that is the successor in interest to the Limited Partner as described in Section 10.3 shall be admitted to the Partnership as a limited partner upon (a) furnishing to the General Partner (i) acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement and (ii) such other documents or instruments as may be required to effect its admission as a limited partner in the Partnership and (b) obtaining the consent of the General Partner, which consent may be withheld or granted in the sole discretion of the General Partner. Such Person shall be admitted to the Partnership as a Limited Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

11.2 Admission of Successor or General Partner. A successor General Partner approved pursuant to Section 12.1 or the transferee of or successor to all of the General Partner's Partnership Interest Pursuant to Section 10.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 12.1 or the transfer of the General Partner's Partnership Interest Pursuant to Section 10.2; provided, however, that no such successor shall be admitted to the Partnership until the terms of Section 10.2 have been complied with. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

11.3 Amendment of Agreement and Certificate of Limited Partnership. To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, to prepare and file an amendment to the Certificate of Limited Partnership and may for this purpose, among others, exercise the power of attorney granted pursuant to Section 1.4.

ARTICLE XII - WITHDRAWAL OR REMOVAL OF PARTNERS

12.1 Withdrawal of the General Partner. The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the Limited Partner;

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 10.2;

(iii) the General Partner is removed pursuant to Section 12.2;

(iv) the general partner of the Investor Partnership withdraws from, or is removed as the general partner of, the Investor Partnership and a successor general partner is not appointed in accordance with the Investor Partnership Agreement;

(v) the General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition; (C) files a petition or answer seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this sentence; or (E) seeks, consents to or acquiesces in the appointment of a trustee receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(vi) a final and non-appealable judgment is entered by a court with appropriate jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect; or

(vii) a certificate of dissolution or its equivalent is filed for the General Partner, or ninety days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation.

If an Event of Withdrawal specified in this Section 12.1(a)(v), (vi) or (vii) occurs, the withdrawing General Partner shall give written notice to the Limited Partner within thirty days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 12.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal will not constitute a breach of this Agreement under the following circumstances: (i) at any time that the General Partner ceases to be a General Partner pursuant to Section 12.1(a) (ii) or is removed pursuant to Section 12.2; or (ii) at any time that the General Partner is removed as provided in Section 12.1(a) (iii). If the General Partner gives a notice of withdrawal pursuant to Section 12.1(a) (i) or if the General Partner is removed pursuant to Section 12.2 or withdraws pursuant to Section 12.1(a) (ii), the Limited Partner may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal or removal, a successor is not selected by the Limited Partner as provided herein or the Partnership does not receive an Opinion of Counsel that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of the Limited Partner or cause the Partnership to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes, the Partnership shall be dissolved in accordance with Section 13.1. If a successor General Partner is elected and the Opinion of Counsel is rendered as provided in the immediately preceding sentence, such successor shall be admitted (subject to Section 11.2) immediately prior to the effective time of the withdrawal or removal of the Departing Partner and shall continue the business of the Partnership without dissolution.

12.2 Removal of the General Partner. The General Partner may be removed if such removal is approved by the Limited Partner. Any such action by the Limited Partner for removal of the General Partner must also provide for the election and succession of a new General Partner. Such removal shall be effective immediately following the admission of the successor General Partner pursuant to Article XI. The right of the Limited Partner to remove the General Partner shall not exist or be exercised unless the Partnership has received an Opinion of Counsel that the removal of the General Partner and the selection of a successor General Partner will not result in the loss of limited liability of the Limited Partner or the taxation of the Partnership as a corporation or otherwise result in the Partnership being taxed as an entity for federal income tax purposes.

12.3 Interest of Departing Partner and Successor General Partner. The Partnership Interest of a Departing Partner departing as a result of withdrawal or removal pursuant to

Section 12.1 or 12.2 shall (unless it is otherwise required to be converted into Units pursuant to Section 13.2(b) of the Investor Partnership Agreement) be purchased by the successor to the Departing Partner for cash in an amount equal to the fair market value of the Departing Partner's Partnership Interest, determined as of the effective date of its departure in the manner specified in the Investor Partnership Agreement for the purchase of a Departing Interest (as defined in the Investor Partnership Agreement). Such purchase (or conversion into Units, as applicable) shall be a condition to the admission to the Partnership of the Successor as the General Partner. Notwithstanding the foregoing, an assignment of all or any portion of a General Partner's (or Departing General Partner's) Partnership Interest to the Investor Limited Partnership as Limited Partner, or to any other Person (other than an individual) the ownership interest of which is then transferred to the Investor Limited Partnership, can be made in exchange for an increased interest in the Investor Limited Partnership and in lieu of a cash purchase.

12.4 Reimbursement of Departing Partner. The Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including, without limitation, any employee-related liabilities (including, without limitation, severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership.

12.5 Withdrawal of the Limited Partner. The Limited Partner shall not have any right to withdraw from the Partnership without the prior consent of the General Partner.

ARTICLE XIII - DISSOLUTION AND LIQUIDATION

13.1 Dissolution. The Partnership shall not be dissolved by the admission of a Substituted Limited Partner or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs should be wound up, upon:

(a) the expiration of its term as provided in Section 1.5;

(b) an Event of Withdrawal of the General Partner as provided in Section 12.1(a), unless a successor is named as provided in Section 12.1(b) and the continuation of the business of the Partnership is approved by the Limited Partner;

(c) an election to dissolve the Partnership by the General Partner that is approved by the Limited Partner hereby;

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;

(e) the sale of all or substantially all of the assets and properties of the Partnership; or

(f) the dissolution of the Investor Partnership.

13.2 Liquidation. Upon dissolution of the Partnership, the General Partner, or in the event the General Partner has been dissolved or removed, become bankrupt as set forth in Section 12.1 or withdrawn from the Partnership, a liquidator or liquidating committee approved by the Limited Partner, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by the Limited Partner. The Liquidator shall agree not to resign at any time without fifteen days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause by notice of removal approved by the Limited Partner. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within thirty days thereafter be approved by the Limited Partner. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XIII, the Liquidator approved in the manner Provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 6.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein. The Liquidator shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including, without limitation, Partners who are creditors, in the order of priority provided by law; and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidator to be appropriate for such purposes; and

(b) to all Partners in accordance with the positive balances in their respective Capital Accounts after taking into account adjustments to such Capital Accounts pursuant to Section 5.1(c).

13.3 Distributions in Kind. Notwithstanding the provisions of Section 13.2, which require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including, without limitation, those to Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Limited Partner, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreement governing the operation of

such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

13.4 Cancellation of Certificate of Limited Partnership. Upon the completion of the distribution of Partnership cash and property as provided in Sections 13.2 and 13.3, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

13.5 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 in order to minimize any losses otherwise attendant upon such winding up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

13.6 Return of Capital. The General Partner shall not be personally liable for the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

13.7 No Capital Account Restoration. No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership.

13.8 Waiver of Partition. Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE XIV - AMENDMENT OF PARTNERSHIP AGREEMENT

14.1 Amendment to be Adopted Solely by General Partner. The Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partner), without the approval of the Limited Partner, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or that is necessary or advisable in the opinion of the General Partner to ensure that the Partnership will not be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change (i) that, in the sole discretion of the General Partner, does not adversely affect the Limited Partner in any material respect, (ii) that is necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including, without limitation, the Delaware Act) or that is necessary or appropriate to facilitate the trading of the Units (including, without limitation, the division of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partner or (iii) that is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(f) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(g) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 15.3; or

(h) any other amendments similar to the foregoing.

14.2 Amendment Procedures.

(a) Except as provided in Section 14.1 all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed solely by the General Partner. Each such proposal shall contain the text of the proposed amendment. A proposed amendment shall be effective upon its approval by the Limited Partner.

(b) Notwithstanding the provisions of Sections 14.1 and 14.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner, or without its consent, which may be given or withheld in its sole discretion, of the General Partner, (ii) modify the compensation payable to the General Partner or any of its Affiliates by the Partnership or the Operating Partnership, (iii) change Section 13.1(a) or (c), (iv) restrict in any way any action by or rights of the General Partner as set forth in this Agreement, (v) charge the term of the Partnership or, except as set forth in Section 13.1(c), give any Person the right to dissolve the Partnership or (vi) modify the last sentence of Section 1.2.

ARTICLE XV - MERGER

15.1 Authority. The Partnership may merge or consolidate with one or more corporations, business trusts, limited liability companies or associations, real estate investment trusts, common law trusts or unincorporated businesses, including, without limitation, a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article.

15.2 Procedure for Merger or Consolidation. Merger or consolidation of the Partnership pursuant to this Article requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The name and jurisdiction of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdictions of formation or organization of the business entity that is to survive the proposed merger or consolidation (hereafter designated as the "Surviving Business Entity");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partnership interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partnership interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partnership Interest are to receive in exchange for, or upon conversion of, their securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity or any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 15.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, it shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Any amendment to this Agreement or the adoption, if any, of a new limited partnership agreement for any limited partnership that is the Surviving Business Entity, as permitted by Section 211(g) of the Delaware Act.

(h) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

15.3 Approval by Limited Partner of Merger or Consolidation.

(a) The General Partner of the Partnership, upon its approval of the Merger Agreement, shall submit a copy or summary of the Merger Agreement to the Limited Partner for its approval.

(b) The Merger Agreement shall be approved upon receiving the consent of the Limited Partner. After such approval by the Limited Partner, and at any time prior to the filing of the certificate of merger pursuant to Section 15.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

15.4 Certificate of Merger. Upon the required approval by the General Partner and the Limited Partner of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

15.5 Effect of Merger.

(a) Upon the effective date of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and cause of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and shall not be in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interest in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

ARTICLE XVI - GENERAL PROVISIONS

16.1 Addresses and Notice. Any notice, demand, request or report required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made where received by it at the principal office of the Partnership referred to in Section 1.3.

16.2 Titles and Captions. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

16.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice-versa.

16.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

16.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

16.6 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

16.7 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

16.8 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

16.9 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

16.10 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

16.11 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

16.12 Amendments to Reflect the Contribution Agreement. In addition to the amendments to this Agreement contained in the Contribution Agreement and notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be deemed to be further amended and modified to the extent necessary, but only to the extent necessary, to carry out the purposes and intent of the Contribution Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

TEPPCO GP, INC.

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

LIMITED PARTNER:

TEPPCO PARTNERS, L.P.

By: Texas Eastern Products Pipeline Company, LLC
as general partner

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

EXHIBIT 3.9

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF TCTM, L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF TCTM, L.P., dated as of September 21, 2001 is entered into by and among TEPPCO GP, Inc., a Delaware corporation, as the General Partner and TEPPCO Partners, L.P., a Delaware limited partnership, as the Limited Partner:

WHEREAS, the Predecessor General Partner (as defined herein) and the Limited Partner entered into that certain Agreement of Limited Partnership of the Partnership dated November 30, 1998 (the "Partnership Agreement"); and

WHEREAS, pursuant to the Contribution, Assignment and Amendment Agreement dated July 26, 2001 by and among the General Partner and the other parties thereto (the "Contribution Agreement"), the Limited Partner, the General Partner and the Predecessor General Partner amended the Partnership Agreement to provide for the withdrawal of the Predecessor General Partner and the succession of the General Partner as general partner of the Partnership (as defined herein); and

WHEREAS, pursuant to the Contribution Agreement, the Predecessor General Partner transferred a revised general partner interest in the Partnership to a newly formed, wholly owned subsidiary, the General Partner; and

WHEREAS, pursuant to the Contribution Agreement, the Limited Partner, the General Partner and the Predecessor General Partner amended the Partnership Agreement to provide for the conversion of the Predecessor General Partner's remaining general partner interest in the Partnership into a limited partner interest in the Partnership; and

WHEREAS, pursuant to the Contribution Agreement, the Predecessor General Partner contributed its remaining limited partnership interest in the Partnership along with all the outstanding capital stock of the General Partner to the Investor Partnership (as defined herein); and

WHEREAS, the General Partner and the Limited Partner desire to amend and restate the Partnership Agreement in its entirety to more fully reflect the transactions contemplated and the amendments made by the Contribution Agreement together with such other changes as the General Partner and the Limited Partner have determined are necessary and appropriate;

NOW, THEREFORE, pursuant to Article XIV of the Partnership Agreement, the General Partner and the Limited Partner do hereby amend and restate the Partnership Agreement to provide, in its entirety, as follows:

ARTICLE I - ORGANIZATIONAL MATTERS

1.1 Formation. The General Partner and the Limited Partner hereby continue the Partnership as a limited partnership pursuant to the provisions of the Delaware Act, and hereby

amend and restate the original Agreement of Limited Partnership in its entirety. Except as expressly provided to the contrary in this Agreement, the rights and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. The Partnership Interest of each Partner shall be personal property for all purposes.

1.2. Name. The name of the Partnership shall be "TCTM, L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner, including, without limitation, the name of the General Partner or any Affiliate thereof. The words "Limited Partnership", "L.P.", "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partner of such change in the next regular communication to the Limited Partner. Notwithstanding the foregoing, unless otherwise permitted by PEC and Duke, the Partnership shall change its name to a name not including "TCTM," "TEPPCO," "Texas Eastern", "PanEnergy" or "Duke" and shall cease using the name "TCTM,," "TEPPCO," "Texas Eastern," "PanEnergy" or "Duke" or other names or symbols associated therewith at such time as neither Texas Eastern Products Pipeline Company nor another Affiliate of PanEnergy or Duke is the general partner of the Partnership.

1.3. Registered Office. Principal Office. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at The Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801 and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership and the address of the General Partner shall be 2929 Allen Parkway, Houston, Texas 77019-2119, or such other place as the General Partner may from time to time designate by notice to the Limited Partner. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

1.4. Power of Attorney.

(a) The Limited Partner hereby constitutes and appoints each of the General Partner and, if a Liquidator shall have been selected pursuant to Section 13.2, the Liquidator severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate of Limited Partnership and all amendments or restatements thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership

may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including, without limitation, conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article X, XI, XII or XIII or the Capital Contribution of any Partner; (E) all certificates, documents and other instruments (including, without limitation, agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates and other instruments necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when the consent or approval of the Limited Partner is required by any provision of this Agreement, the General Partner or the Liquidator may exercise the power of attorney made in this Section 1.4(a) (ii) only after the necessary consent or approval of the Limited Partner.

Nothing contained in this Section 1.4 shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIV, or as may be otherwise expressly provided for in this Agreement

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of the Limited Partner and the transfer of all or any portion of such Limited Partner's Partnership Interest and shall extend to such Limited Partner's heirs, successors, assigns and personal representatives. The Limited Partner hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and the Limited Partner hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. The Limited Partner shall execute and deliver to the General Partner or the Liquidator, within fifteen days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

1.5 Term. The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2084, or until the earlier termination of the Partnership in accordance with the provisions of Article XIII.

ARTICLE II - DEFINITIONS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-(2)(g)(i) and 1.701-2(i)(5) to be allocated to such Partner in subsequent years under items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-2(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.4(d).

"Affiliate" means, with respect to any Person, any Other Person that directly or indirectly controls, is controlled by or is under common control with, the Person in question. As used herein, the term control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 5.1 including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; and the General Partner shall, in its sole discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties conveyed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this Agreement of Limited Partnership of TCTM, L.P., as it may be amended, supplemented or restated from time to time.

"Available Cash" means, with respect to any calendar quarter, (i) the sum of (A) all cash receipts of the Partnership during such quarter from all sources and (B) any reduction in reserves established in prior quarters, less (ii) the sum of (aa) all cash disbursements of the Partnership during such quarter (excluding cash distributions to Partners, but including disbursements for taxes of the Partnership as an entity, debt service and capital expenditures) and (bb) any reserves established in such quarter in such amounts as the General Partner determines to be necessary or appropriate in its reasonable discretion (x) to provide for the proper conduct of the business of the Partnership (including reserves for future rate refunds or capital expenditures) or (y) to provide funds for distributions with respect to any of the next four calendar quarters and (cc) any

other reserves established in such quarter in such amounts as the General Partner determines in its reasonable discretion to be necessary because the distribution of such amounts would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash disbursements of the Partnership which reduce "Available Cash," but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all partners) may be considered to be cash disbursements of the Partnership which reduce "Available Cash", but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to Partners. Notwithstanding the foregoing, "Available Cash" shall not include any cash receipts or reductions in reserves or take into account any disbursements made or reserves established after commencement of the dissolution and liquidation of the Partnership.

"Book-Tax Disparity" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 4.4 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Capital Account" means the capital account maintained for a Partner pursuant to Section 4.4.

"Capital Contributor" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner has contributed or may contribute to the Partnership pursuant to Section 4.1, 4.2 or 4.4(c)(i).

"Carrying Value" means (a) with respect to a Contributed Property the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' Capital Accounts, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 4.4(d)(i) and 4.4(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 6.2 hereof, as such Certificate may be amended and/or restated from time to time.

"Closing Date" means the date on which the "First Time of Delivery" occurs as such term is defined in the Underwriting Agreement.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code or otherwise). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.4(d)(i), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Contributing Partner" means each Partner contributing (or deemed to have contributed on termination and reconstitution of the Partnership pursuant to Section 708 of the Code or otherwise) a Contributed Property.

"Contribution Agreement" has the meaning set forth in the recitals hereto.

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 5.1(d) (ix).

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et. seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Partner" means a former General Partner, from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 12.1 or Section 12.2.

"Duke" means Duke Energy Corporation, a Delaware corporation.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(1).

"Event of Withdrawal" has the meaning assigned to such term in Section 12.1(a).

"Exchange Act" means the Securities Exchange Act of 1934 as amended, supplemented or restated from time to time, and any successor to such statute.

"General Partner" means TEPPCO GP, Inc., a Delaware corporation, as successor to the Predecessor General Partner, and its successors as general partner of the Partnership and, if the context so requires, its predecessor in interest.

"General Partner Equity Value" means, as of any date of determination, the fair market value of the General Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt.

"Indemnitee" means the General Partner, any Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person.

"Initial Offering" means the initial offering of Units to the public, as described in the Registration Statement.

"Investor Partnership" means TEPPCO Partners, L.P. a Delaware limited partnership.

"Investor Partnership Agreement" means the Agreement of Limited Partnership of the Investor Partnership, dated March 7, 1990, as such agreement has been amended or restated, or may in the future be amended or restated in accordance with its terms.

"Limited Partner" means the Limited Partner, each Substituted Limited Partner, if any, and each other Person, if any, that is admitted to the Partnership as a limited partner pursuant to Section 11.1 and that is shown as a limited partner on the books and records of the Partnership.

"Limited Partner Equity Value" means, as of any date of determination, the fair market value of the Limited Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt.

"Liquidator" means the General Partner or other Person approved pursuant to Section 13.2 who performs the functions described therein.

"Merger Agreement" has the meaning assigned to such term in Section 15.1.

"Minimum Gain Attributable to Partner Nonrecourse" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(i)(3).

"National Securities Exchange" means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Exchange Act.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 4.4(d) (ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions)

for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.4(b) and shall not include any items specially allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.4(b) and shall not include any items specifically allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Termination Gain" means, for any taxable period, the sum, if positive, of all items of income, gain or loss recognized by the Partnership from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 4.4(b) and shall not include any items of income, gain or loss specifically allocated under Section 5.1(d). Once an item of income, gain or loss that has been included in the initial computation of Net Termination Gain is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item;

"Net Termination Loss" means, for any taxable period, the sum, if negative, of any items of income, gain or loss recognized by the Partnership from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 4.4(b) and shall not include any items or income, gain or loss specifically allocated under section 5.1(d). Once an item of gain or loss that has been included in the initial computation of Net Termination Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item;

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 5.2(b) (i) (A), 5.2(b) (ii) (A) or 5.2(b) (iv) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deduction" means any and all items of loss, deduction or expenditure (described in Section 705(a) (2) (B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b)(1) and 1.704-2(c), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.704-2(b).

"Opinion of Counsel" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner) acceptable to the General Partner.

"Outstanding" means all Partnership Interests of the Limited Partner that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination.

"Partner" means the General Partner and the Limited Partner.

"Partner Nonrecourse" has the meaning set forth in Treasury Regulation Section 1.704-2(b).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i)(1) and 1.704-2(i)(2), are attributable to a Partner Nonrecourse Debt.

"Partnership" means TCTM, L.P., a Delaware limited partnership established pursuant to this Partnership Agreement, and any successor thereto.

"Partnership Inception" means the March 7, 1990.

"Partnership Interests" means the interest of a Partner in the Partnership.

"Partnership Minimum Gain" means the amount determined in accordance with the principles of Treasury Regulation Sections 1.704-2(b)(2) and 1.704-2(d).

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"PEC" means PanEnergy Corp., a Delaware corporation.

"Percentage Interest" means as of the date of such determination (a) as to the General Partner, .001% and (b) as to the Limited Partner, 99.999%.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

"Predecessor General Partner" means Texas Eastern Products Pipeline Company, LLC, in its capacity as general partner of the Partnership prior to the transfer of the Predecessor General Partner's Partnership Interest to the General Partner pursuant to the Contribution Agreement.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Sections 734 or 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or assets.

"Record Holder" has the meaning assigned to such term in the Investor Partnership Agreement.

"Registration Statement" means the Registration Statement on Form S-1 (Registration No. 33-32203), as it may have been amended or supplemented from time to time, filed by the Investor Partnership with the Securities and Exchange Commission under the Securities Act to register the offering and sale of the Units in the Initial Offering.

"Required Allocations" means any allocation (or limitation imposed on any allocation) of an item of income, gain, deduction or loss pursuant to (a) the proviso- clause of Sections 5.1(b)(i) or (b) Sections 5.1(d)(i), 5.1(d) (ii), 5.1(d) (iii), 5.1(d)(iv) 5.1(d)(v), 5.1(d) (vi) and 5.1(d) (viii), such allocations (or limitations thereon) being directly or indirectly required by the Treasury Regulations promulgated under Section 704(b) of the Code.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Sections 5.2(b)(i)(A) or 5.2(b) (ii) (A), respectively, to eliminate Book-Tax Disparities.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.1 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 15.2(b).

"Termination Capital Transactions" means any sale, transfer or other disposition of property of the Partnership occurring upon or incident to the liquidation and winding up of the Partnership pursuant to Article XIII.

"Unit" has the meaning assigned to such term in the Investor Partnership Agreement.

"Unitholder" means a Person who holds Units.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 4.4(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination the excess, if any, of (a) the (Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 4.4(d)).

ARTICLE III - PURPOSE

3.1 Purpose and Business. The purpose and nature of the business to be conducted by the Partnership shall be (i) to engage in the gathering, transportation and storage of crude oil and natural gas liquids and related products and related activities, (ii) to engage directly in, or to enter into any partnership, joint venture or similar arrangement to engage in, any business activity that may be lawfully conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (iii) to do anything necessary or appropriate to the foregoing, and (iv) to engage in any other business activity as permitted under Delaware law. The General Partner has no obligation or duty to the Partnership or the Limited Partner to propose or approve, and in its sole discretion may decline to propose or approve, the conduct by the Partnership pursuant to such clauses (ii) and (iv) above of any business other than as contemplated by clause (i) above.

3.2 Powers. The Partnership shall be Empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 3.1 and for the protection and benefit of the Partnership.

ARTICLE IV - CAPITAL CONTRIBUTIONS

4.1 Initial Contributions.

(a) Effective as of the date hereof, the Investor Partnership has contributed and delivered to the Partnership, as a Capital Contribution, all of the limited liability membership interests of DETTCO LLC, a Delaware limited liability company, in exchange for a Partnership Interest as a limited partner in the Partnership that represents a 98.9899% limited partner interest, and the Investor Partnership is hereby admitted to the Partnership as a limited partner of the Partnership.

(b) Effective as of the date hereof, the General Partner has contributed and delivered to the Partnership, as a Capital Contribution, the sum of $1,050,504, in exchange for a Partnership Interest as a general partner in the Partnership that represents a 1.0101% general partner interest, and the General is hereby admitted to the Partnership as the general partner of the Partnership.

(c) The Capital Contribution of the General Partner pursuant to Section 4.1(b) is intended to equal 1.0101% of the Net Agreed Value of the Capital Contribution of the Investor Partnership made pursuant to Section 4.1(a). If the Capital Contribution of the General Partner pursuant to Section 4.1(b) is greater than 1.0101% of the Net Agreed Value of the Capital Contribution of the Investor Partnership made pursuant to Section 4.1(a), as reflected on the Partnership's balance sheet for the year ending December 31, 1998, then the Partnership shall distribute the excess to the General Partner as a special distribution. If the Capital Contribution of the General Partner pursuant to this Section 4.1(b) is less than 1.0101% of the Net Agreed Value of the Capital Contribution of the Investor Partnership made pursuant to Section 4.1(a), as reflected on the Partnership's balance sheet for the year ending December 31, 1998, then the General Partner shall make an additional Capital Contribution to Partnership in an amount equal to the difference.

4.2 Additional Capital Contribution by the Investor Partnership. The Investor Partnership, with the consent of the General Partner, may, but shall not be obligated to, make additional Capital Contributions to the Partnership.

4.3 Preemptive Rights. The Limited Partner shall have preemptive rights with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Partnership Interests, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Partnership Interests; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Partnership Interests; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

4.4 Capital Accounts.

(a) The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 4.4(b) and allocated pursuant to Section 5.1 and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 4.4(b) and allocated to such Partner pursuant to Section 5.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided that:

(i) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 5.1.

(ii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b) (2) (iv) (m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(l)(B) or 705(a) (2) (B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(iii) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(iv) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 4.4(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(v) If the Partnership's adjusted basis in depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q) (1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 5.1. Any restoration of such basis pursuant to Section 48(q) (2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) Consistent with the provisions of Treasury Regulation Section 1.704-1(b)(2)iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property, the Capital Accounts of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership Property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such Property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 5.1. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of Partnership interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided however, the General Partner, in arriving at such valuation must take into account the Limited Partner Equity Value and the General Partner Equity Value, at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b) (2) (iv) (f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of each Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 5.1. Any Unrealized Gain or Unrealized Loss attributable to such property shall be allocated in the same manner as Net Termination Gain or Net Termination Loss pursuant to Section 5.1(c); provided, however, that, in making any such allocation, Net Termination Gain or Net Termination Loss actually realized shall be allocated first. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt.

4.5 Interest. No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

4.6 No Withdrawal. No Partner shall be entitled to withdraw any part of its Capital Contributions or its Capital Account or to receive any distribution from the Partnership, except as provided herein.

4.7 Loans from Partners. Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

ARTICLE V - ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocations for Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.4(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

(a) Net Income. After giving effect to the special allocations set forth in Section 5.1(d), Net Income for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner until the aggregate Net Income allocated to the General Partner pursuant to this Section 5.1(a) (i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 5.1(b) (ii) for all previous taxable years; and

(ii) Second, the balance, if any, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests.

(b) Net Losses. After giving effect to the special allocations set forth in Section 5.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests, provided, that Net Losses shall not be allocated pursuant to this Section 5.1(b) (ii) to the extent that such allocation would cause any Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account); and

(ii) Second, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 5.1(d), all items of gain and loss taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 5.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 5.1 and after all distributions of Available Cash have been made with respect to the taxable period ending on the date of the Partnership's liquidation pursuant to Section 13.2.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 4.4(d)) from Termination Capital Transactions, such Net Termination Gain shall be allocated between the General Partner and the Limited Partner in the following manner:

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account; and

(B) Second, 100% to the General Partner and the Limited Partner, in accordance with their respective Percentage Interests.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 4.4(d)) from Termination Capital Transactions, such Net Termination Loss shall be allocated to the Partners in the following manner:

(A) First, 100% to the General Partner and the Limited Partner in proportion to, and to the extent of the positive balances in their respective Capital Accounts; and

(B) Second, the balance, if any, 100% to the General Partner.

(d) Special Allocation. Notwithstanding any other provision of this Section 5.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 5.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in Partnership Minimum Gain during such taxable period that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-(2)(g)) to the disposition of Partnership property subject to one or more Nonrecourse Liabilities of the Partnership, or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(g)). The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-(2)(f)(6) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d) with respect to such taxable period. This Section 5.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Minimum Gain Attributable to Partner Nonrecourse Debt. Notwithstanding the other provisions of this Section 5.1 (other than Section 5.1(d)(i)), if there is a net decrease in Minimum Gain Attributable to Partner Nonrecourse Debt during any Partnership taxable period, any Partner with a share of Minimum Gain Attributable to Partner Nonrecourse Debt at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in the Minimum Gain Attributable to Partner Nonrecourse Debt that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-2(i)) to the disposition of Partnership property subject to such Partner Nonrecourse Debt or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(i)). The items to be so allocated shall be determined in a manner consistent with the principles of Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d), other than Section 5.1(d)(i), with respect to such taxable period. This Section 5.1(d) (ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. Except as provided in Sections 5.1(d)(i) and 5.1(d) (ii), in the event any Partner unexpectedly receives any adjustments, allocation or distributions described in Treasury Regulation Section 1.704-1(b) (2) (ii) (d) (4), 1.704-1(b) (2) (ii) (d) (5), or 1.704-1(b) (2) (ii) (d) (6), items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d) (iii) shall be made only if and to the extent that such partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided in this Section 5.1 have been tentatively made as if this Section 5.1(d) (iii) were not in this Agreement.

(iv) Gross Income Allocations. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable Period that is in excess of the sum of (A) the amount such Partner is obligated to restore pursuant to any provision of this Agreement and (B) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(i) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d) (iv) shall be made only if and to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 5.1 have been tentatively made as if Section 5.1(d) (iii) and this Section 5.1(d)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in the same ratios that Net Income or Net Losses, as the case may be, is allocated for the taxable year. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-1T(b)(4)(iv)(h). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) Nonrecourse Liabilities. The Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain

and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b) (2) (iv) (m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(ix) Curative Allocation. (A) Notwithstanding any other provision of this Section 5.1, other than the Required Allocation provisions, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and this Curative Allocation not otherwise been provided in this Section 5.1. Notwithstanding the preceding sentence, Required Allocations relating to (l) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Minimum Gain Attributable to Partner Nonrecourse Debt. Allocations pursuant to this Section 5.1(d) (ix) (A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 5.1(d) (ix) (A) shall be deferred with respect to allocations pursuant to clauses (l) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 5.1(d) (ix) (A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 5 1(d) (ix) (A) among the Partners in a manner that is likely to minimize such economic distortions.

5.2 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 5.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) except as otherwise provided in Section 5.2(b) (iv), any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manners as its correlative items of "book" gain or loss is allocated pursuant to Section 5.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocators thereof pursuant to Section 4.4(d)(i) or (ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 5.2(b) (i) (A); and (B) except as otherwise provided in Section 5.2(b) (iv), any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iii) Except as otherwise provided in Section 5.2(b) (iv), all other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iv) Any items of income, gain, loss or deduction otherwise allocable under Section 5.2(b)(i)(B), 5.2(b) (ii) (B) or 5.2(b) (iii) shall be subject to allocation by the General Partner in a manner designed to eliminate, to the maximum extent possible, Book-Tax Disparities in a Contributed Property or Adjusted Property otherwise resulting from the application of the "ceiling" limitation (under Section 704(c) of the Code or Section 704(c) principles) to the allocations provided under Section 5.2(b) (i) (A) or 5.2(b) (ii) (A)

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Units of the Investor Partnership (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Units of the Investor Partnership (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 5.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units of the Investor Partnership issued and outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its sole discretion may determine to depreciate the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation method and useful life applied to the Partnership's common basis of such property, despite the inconsistency of such approach with Treasury Regulation Section 1.167(c)-1(a) (6). If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt a depreciation convention under which all purchasers acquiring Units of the Investor Partnership in the same month would receive depreciation, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation convention to preserve the uniformity of the intrinsic tax characteristics of any Units of the Investor Partnership that would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Units of the Investor Partnership.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 5.2 be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) The General Partner may adopt such methods of allocation of income, gain, loss or deduction between a transferor and a transferee of a Partnership Interest as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

5.3 Requirement of Distributions. Within fifty days following the end of each calendar quarter, an amount equal to 100% of Available Cash with respect to such quarter (or period) shall be distributed by the Partnership to the Partners in accordance with their respective Percentage Interests. The immediately preceding sentence shall not require any distribution of cash if and to the extent such distribution would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject.

ARTICLE VI - MANAGEMENT AND OPERATION OF BUSINESS

6.1 Management. The General Partner shall conduct, direct and exercise full control over all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and the Limited Partner shall have no right of control or management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or desirable (i) to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation, (A) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations and the securing of same by mortgage, deed of trust or other lien or encumbrance; (B) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership, (C) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (C) being subject, however, to any prior approval that may be required by Section 6.3); (D) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership, the lending of funds to other Persons and the repayment of obligations of the Partnership; (E) the negotiation, execution and performance of any contracts, conveyances or other instruments (including, without limitation, instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case); (F) the distribution of Partnership cash; (G) the selection and dismissal of employees and agents (including without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (H) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate; (I) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures or other relationships; (J) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (K) the indemnification of any person against liabilities and contingencies to the extent permitted by law; and (L) the undertaking of any action in connection with the Partnership's participation in the business activities that may be made available to it (including, without limitation, contributions or loans of funds by the Partnership in connection with its participation in such business activities).

6.2 Certificate of Limited Partnership. The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the Limited Partner has limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership in which the Limited Partner has limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 7.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to the Limited Partner.

6.3 Restrictions on General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by the Limited Partner or by other written instrument executed and delivered by the Limited Partner subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, without limitation, (i) any act that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement; (ii) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose; (iii) admit a Person as a Partner, except as otherwise provided in this Agreement; (iv) amend this Agreement in any manner, except as otherwise provided in this Agreement; or (v) transfer its interest as general partner of the Partnership, except as otherwise provided in this Agreement.

(b) Except as provided in Article XIII, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination with any other Person) without the approval of the Limited Partner; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets and shall not apply to any forced sale of any or all of the Partnership's assets pursuant to the foreclosure of, or other realization upon, any such encumbrance.

(c) At all times while serving as the general partner of the Partnership, the General Partner shall not make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control if the effect of such dividend, distribution, repurchase or other action would be to reduce its net worth below an amount necessary to receive an Opinion of Counsel that the Partnership will be treated as a partnership for federal income tax purposes.

6.4 Reimbursement of the General Partner.

(a) Except as provided in this Section 6.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its services as general partner of the Partnership

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including, without limitation, amounts paid to any Person to perform services for the Partnership) and (ii) that portion of the General Partner's or its Affiliates' legal, accounting, investor communications, utilities, telephone, secretarial, travel, entertainment, bookkeeping, reporting, data processing, office rent and other office expenses (including, without limitation, overhead charges), salaries, fees and other compensation and benefit expenses of employees, officers and directors, other administrative or overhead expenses and all other expenses, in each such case, necessary or appropriate to the conduct of the Partnership's business and allocable to the Partnership or otherwise incurred by the General Partner in connection with operating the Partnership's business (including, without limitation, expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the fees and expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 6.7. Notwithstanding the foregoing grant of authority, expenses for administrative services and overhead allocated pursuant to this Section 6.4(b) to the Partnership, the Investor Partnership and the General Partner, considered together, by Duke or its Affiliates (excluding the General Partner) shall not exceed $25,000 in each month commencing January 1, 1999.

(c) The General Partner in its sole discretion and without the approval of the Limited Partner may propose and adopt on behalf of the Partnership employee benefit plans (including, without limitation, plans involving the issuance of Units), for the benefit of employees of the General Partner, the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership.

6.5 Outside Activities.

(a) After the Closing Date, the General Partner shall limit its activities to those required or authorized by this Agreement.

(b) Except as provided in Section 6.5(a), each Indemnitee is free to engage in any business, including any business that is in competition with the business of the Partnership. The General Partner and any other Persons affiliated with the General Partner may acquire Units or other partnership securities of the Investor Partnership and shall be entitled to exercise all rights of an Assignee or limited partner, as applicable, relating to such Units or partnership securities, as the case may be.

(c) Without limiting Sections 6.5(a) and 6.5(b), but notwithstanding anything to the contrary in this Agreement, the competitive activities of Indemnitees described in the Registration Statement are hereby approved by all Partners, and it shall not be deemed to be a

breach of the General Partner's fiduciary duty for the General Partner to permit an Indemnitee to engage in a business opportunity in preference to or to the exclusion of the Partnership.

6.6 Loans to and from the General Partner; Contracts with Affiliates.

(a) The General Partner, the Limited Partner or any Affiliates thereof may lend to the Partnership, and the Partnership may borrow, funds needed or desired by the Partnership for such periods of time as the General Partner may determine; provided, however, that neither the General Partner, the Limited Partner or any of their Affiliates may charge the Partnership interest at a rate greater than the rate that would be charged the Partnership (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The Partnership shall reimburse the General Partner, the Limited Partner or any of their Affiliates, as the case may be, for any costs (other than any additional interest costs) incurred by it in connection with the borrowing of funds obtained by the General Partner, the Limited Partner or any of their Affiliates and loaned to the Partnership.

(b) The Investor Partnership may lend or contribute to the Partnership, and the Partnership may borrow, funds on terms and conditions established in the sole discretion of the General Partner. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of the Investor Partnership or any other Person. The Partnership may not lend funds to the General Partner or any of its Affiliates, otherwise than for short-term funds management purposes.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership. Any service rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

(d) The Partnership may transfer assets to joint ventures, other Partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties.

(f) The General Partner and its Affiliates will have no obligation to permit the Partnership or the Investor Partnership to use any facilities of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 6.6(a) through 6.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement under the caption "Conflicts of Interest and Fiduciary Responsibility" are hereby approved by all Partners.

6.7 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, each Indemnitee shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as (i) the General Partner, a Departing Partner or any of their Affiliates, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their Affiliates or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, provided, that in each case the Indemnitee acted in good faith, in a manner which such Indemnitee believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a Presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 6.7 shall be made only out of the assets of the Partnership.

(b) To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.7.

(c) The indemnification provided by this Section 6.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitees' capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or Departing Partner or an Affiliate thereof or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and as to actions in any other capacity.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Person as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of this Agreement.

(e) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.7(a); and action taken or omitted by it with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partner to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in Part under this Section 6.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligation of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.8 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partner, or any other Persons who have acquired interests in the Partnerships, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 6.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 6.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to

the Partnership and the Limited Partner of the General Partner, its directors, officers and employees under this Section 6.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.9 Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the Investor Partnership Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, or the Investor Partnership, on the other hand, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by the Limited Partner, and shall not constitute a breach of this Agreement, of the Investor Partnership Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is or, by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized in connection with its resolution of any conflict of interest to consider (i) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests (ii) any customary or accepted industry practices and any customary or historical dealings with a Particular Person; (iii) any applicable generally accepted accounting or engineering practices or principles; and (iv) such additional factors as the General Partner determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion", that it deems "necessary or appropriate" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the Investor Partnership, the Limited Partner or any holder of Units, or (ii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Investor Partnership Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner consistent with the standards of "reasonable discretion" set forth in the definition of Available Cash shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership, other than in the ordinary course of business. No borrowing by the Partnership or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner by reason of the fact

that the purpose or effect of such borrowing is directly or indirectly to enable the General Partner to receive incentive distributions pursuant to the Investor Partnership Agreement.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

6.10 Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the opinion (including, without limitation, an Opinion of Counsel) of such Persons as to matters that such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or committed in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement so long as such action is reasonably believed by the General Partner to be in the best interests of the Partnership.

6.11 Title to Partnership Assets. Title to Partnership Assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any Ownership interest in such Partnership Assets or any portion thereof. Title to any or all of the Partnership Assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership Assets for which record title is held in the name of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable. All

Partnership Assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership Assets are held.

6.12 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. The Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VII - RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNER

7.1 Limitation of Liability. The Limited Partner shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

7.2 Management of Business. The Limited Partner shall not take part in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partner under this Agreement.

7.3 Return of Capital. The Limited Partner shall not be entitled to the withdrawal or return of his Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement.

7.4 Rights of the Limited Partner Relating to the Partnership.

(a) In addition to other rights provided by this Agreement or by applicable law and except as limited by Section 7.4(b), the Limited Partner shall have the right, for a purpose reasonably related to the Limited Partner's interest as a limited partner to the Partnership, upon reasonable demand and at the Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to him, upon notification to the General Partner, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him, upon notification to the General Partner, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto;

(v) to obtain true and full information regarding the amount of cash and description and statement of the Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) Notwithstanding any other provision of this Agreement, the General Partner may keep confidential from the Limited Partner for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the partnership or the Investor Partnership or that the Partnership or the Investor Partnership is required by law or by agreements with third parties to keep confidential.

ARTICLE VIII - BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 Records and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership business including, without limitation, all books and records necessary to provide to the Limited Partner any information, lists and copies of documents required to be provided pursuant to Section 7.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard disks, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

8.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

ARTICLE IX - TAX MATTERS

9.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety days of the close of each taxable year of the Partnership, the tax information reasonably required by the Limited Partner for federal and state income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes. The taxable year of the Partnership shall be the calendar year.

9.2 Tax Elections. Except as otherwise provided herein, the General Partner shall in its sole discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole discretion that such revocation is in the best interests of the Limited Partner.

9.3 Tax Controversies. Subject to the provisions hereof, the General Partner is designated the Tax Matters Partner (as defined in Section 6231 of the Code), and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including, without limitation, resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. The Limited Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

9.4 Organizational Expenses. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

9.5 Withholding. Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its sole discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including, without limitation, by reason of Section 1446 of the Code), the amount withheld shall be treated as a distribution of cash pursuant to Section 5.3 in the amount of such withholding from such Partner.

9.6 Opinions of Counsel. Notwithstanding any other provision of this Agreement, if the Partnership is taxable for federal income tax purposes as a corporation or otherwise taxed for federal income tax purposes as an entity at any time and, pursuant to the provisions of this Agreement, an Opinion of Counsel could otherwise be required to the effect that an action will not cause the Partnership to become so taxable as a corporation or other entity or to be treated as an association taxable as a corporation, such requirement for an Opinion of Counsel shall be deemed automatically waived.

ARTICLE X - TRANSFER OF INTERESTS

10.1 Transfer.

(a) The term "transfer," when used in this Article X with respect to a Partnership Interest, shall be deemed to refer to an appropriate transaction by which a Partner disposes of its Partnership Interest to another Person and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article X. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article X shall be null and void.

10.2 Transfer of General Partner's Partnership Interest.

(a) Except as set forth in Section 10.2(b), the General Partner may not transfer all or any part of its Partnership Interest.

(b) Neither Section 10.2(a) nor any other provision of this Agreement shall be construed to prevent (and the Limited Partner does hereby expressly consent to) (i) the transfer by the General Partner of all or a portion of its Partnership Interest to one or more Affiliates, which Partnership Interest to the extent not transferred to a successor General Partner, shall be a Limited Partner's Partnership Interest or (ii) the transfer by the General Partner of all its Partnership Interest upon its merger, consolidation or other combination into any other Person or the transfer by it of all or substantially all of its assets to another Person if, in the case of a transfer described in either clause (i) or (ii) of this sentence, the rights and duties of the General Partner with respect to the Partnership Interest so transferred as a General Partner's Partnership Interest (or the rights and duties of a Limited Partner with respect to the Partnership Interest so transferred as a Limited Partner's Partnership Interest) are assumed by the transferee and the transferee agrees to be bound by the provisions of this Agreement and the Investor Partnership Agreement; provided, that in either such case, such transferee furnishes to the Partnership an Opinion of Counsel that such merger, consolidation, combination, transfer or assumption will not result in a loss of limited liability of the Limited Partner or cause the Partnership to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes. In the case of a transfer of a Partnership Interest pursuant to this Section 10.2(b) to a Person proposed as a successor general partner of the Partnership, the transferee or successor (as the case may be) shall be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

10.3 Transfer of the Limited Partner's Partnership Interest. If the Limited Partner merges, consolidates or otherwise combines into any other Person or transfers all or substantially all of its assets to another Person, such Person may become a substituted Limited Partner pursuant to Article XI. Except as set forth in the immediately preceding sentence, the Limited Partner may not transfer all or any part of its Partnership Interest or withdraw from the Partnership.

ARTICLE XI - ADMISSION OF PARTNERS

11.1 Admission of Substituted Limited Partner. Any Person that is the successor in interest to the Limited Partner as described in Section 10.3 shall be admitted to the Partnership as a limited partner upon (a) furnishing to the General Partner (i) acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement and (ii) such other documents or instruments as may be required to effect its admission as a limited partner in the Partnership and (b) obtaining the consent of the General Partner, which consent may be withheld or granted in the sole discretion of the General Partner. Such Person shall be admitted to the Partnership as a Limited Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

11.2 Admission of Successor or General Partner. A successor General Partner approved pursuant to Section 12.1 or the transferee of or successor to all of the General Partner's Partnership Interest Pursuant to Section 10.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 12.1 or the transfer of the General Partner's Partnership Interest pursuant to Section 10.2; provided, however, that no such successor shall be admitted to the Partnership until the terms of Section 10.2 have been complied with. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

11.3 Amendment of Agreement and Certificate of Limited Partnership. To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, to prepare and file an amendment to the Certificate of Limited Partnership and may for this purpose, among others, exercise the power of attorney granted pursuant to Section 1.4.

ARTICLE XII - WITHDRAWAL OR REMOVAL OF PARTNERS

12.1 Withdrawal of the General Partner.

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the Limited Partner;

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 10.2;

(iii) the General Partner is removed pursuant to Section 12.2;

(iv) the general partner of the Investor Partnership withdraws from, or is removed as the general partner of, the Investor Partnership and a successor general partner is not appointed in accordance with the Investor Partnership Agreement;

(v) the General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition; (C) files a petition or answer seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this sentence; or (E) seeks, consents to or acquiesces in the appointment of a trustee receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(vi) a final and non-appealable judgment is entered by a court with appropriate jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect; or

(vii) a certificate of dissolution or its equivalent is filed for the General Partner, or ninety days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation.

If an Event of Withdrawal specified in this Section 12.1(a)(v), (vi) or (vii) occurs, the withdrawing General Partner shall give written notice to the Limited Partner within thirty days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 12.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal will not constitute a breach of this Agreement under the following circumstances: (i) at any time that the General Partner ceases to be a General Partner pursuant to Section 12.1(a) (ii) or is removed pursuant to Section 12.2; or (ii) at any time that the General Partner is removed as provided in Section 12.1(a) (iii). If the General Partner gives a notice of withdrawal pursuant to Section 12.1(a) (i) or if the General Partner is removed pursuant to Section 12.2 or withdraws pursuant to Section 12.1(a) (ii), the Limited Partner may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal or removal, a successor is not selected by the Limited Partner as provided herein or the Partnership does not receive an Opinion of Counsel that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of the Limited Partner or cause the Partnership to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes, the Partnership shall be dissolved in accordance with Section 13.1. If a successor General Partner is elected and the Opinion of Counsel is rendered as provided in the immediately preceding sentence, such successor shall be admitted (subject to Section 11.2) immediately prior to the effective time of the withdrawal or removal of the Departing Partner and shall continue the business of the Partnership without dissolution.

12.2 Removal of the General Partner. The General Partner may be removed if such removal is approved by the Limited Partner. Any such action by the Limited Partner for removal of the General Partner must also provide for the election and succession of a new General Partner. Such removal shall be effective immediately following the admission of the successor General Partner pursuant to Article XI. The right of the Limited Partner to remove the General Partner shall not exist or be exercised unless the Partnership has received an Opinion of Counsel that the removal of the General Partner and the selection of a successor General Partner will not result in the loss of limited liability of the Limited Partner or the taxation of the Partnership as a corporation or otherwise result in the Partnership being taxed as an entity for federal income tax purposes.

12.3 Interest of Departing Partner and Successor General Partner. The Partnership Interest of a Departing Partner departing as a result of withdrawal or removal pursuant to Section 12.1 or 12.2 shall (unless it is otherwise required to be converted into Units pursuant to Section 13.2(b) of the Investor Partnership Agreement) be purchased by the successor to the Departing Partner for cash in amount equal to the fair market value of the Departing Partner's Partnership Interest, determined as of the effective date of its departure in the manner specified in the Investor Partnership Agreement for the purchase of a Departing Interest (as defined in the Investor Partnership Agreement). Such purchase (or conversion into Units, as applicable) shall be a condition to the admission to the Partnership of the successor as the General Partner. Notwithstanding the foregoing, an assignment of all or any portion of a General Partner's (or Departing General Partner's) Partnership Interest to the Investor Limited Partnership as Limited Partner, or to any other Person (other than an individual) the ownership interest of which is then transferred to the Investor Limited Partnership, can be made in exchange for an increased interest in the Investor Limited Partnership and in lieu of a cash purchase.

12.4 Reimbursement of Departing Partner. The Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including, without limitation, any employee-related liabilities (including, without limitation, severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership.

12.5 Withdrawal of the Limited Partner. The Limited Partner shall not have any right to withdraw from the Partnership without the prior consent of the General Partner.

ARTICLE XIII - DISSOLUTION AND LIQUIDATION

13.1 Dissolution. The Partnership shall not be dissolved by the admission of a Substituted Limited Partner or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs should be wound up, upon:

(a) the expiration of its term as provided in Section 1.5;

(b) an Event of Withdrawal of the General Partner as provided in Section 12.1(a), unless a successor is named as provided in Section 12.1(b) and the continuation of the business of the Partnership is approved by the Limited Partner;

(c) an election to dissolve the Partnership by the General Partner that is approved by the Limited Partner hereby;

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;

(e) the sale of all or substantially all of the assets and properties of the Partnership; or

(f) the dissolution of the Investor Partnership.

13.2 Liquidation. Upon dissolution of the Partnership, the General Partner, or in the event the General Partner has been dissolved or removed, become bankrupt as set forth in Section 12.1 or withdrawn from the Partnership, a liquidator or liquidating committee approved by the Limited Partner, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by the Limited Partner. The Liquidator shall agree not to resign at any time without fifteen days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause by notice of removal approved by the Limited Partner. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within thirty days thereafter be approved by the Limited Partner. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XIII, the Liquidator approved in the manner Provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 6.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein. The Liquidator shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including, without limitation, Partners who are creditors, in the order of priority provided by law; and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidator to be appropriate for such purposes; and

(b) to all Partners in accordance with the positive balances in their respective Capital Accounts after taking into account adjustments to such Capital Accounts pursuant to Section 5.1(c).

13.3 Distributions in Kind. Notwithstanding the provisions of Section 13.2, which require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including, without limitation, those to Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Limited Partner, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreement governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

13.4 Cancellation of Certificate of Limited Partnership. Upon the completion of the distribution of Partnership cash and property as provided in Sections 13.2 and 13.3, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

13.5 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 in order to minimize any losses otherwise attendant upon such winding up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

13.6 Return of Capital. The General Partner shall not be personally liable for the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

13.7 No Capital Account Restoration. No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership.

13.8 Waiver of Partition. Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE XIV - AMENDMENT OF PARTNERSHIP AGREEMENT

14.1 Amendment to be Adopted Solely by General Partner. The Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partner), without the approval of the Limited Partner, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or that is necessary or advisable in the opinion of the General Partner to ensure that the Partnership will not be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change (i) that, in the sole discretion of the General Partner, does not adversely affect the Limited Partner in any material respect, (ii) that is necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including, without limitation, the Delaware Act) or that is necessary or appropriate to facilitate the trading of the Units (including, without limitation, the division of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partner or (iii) that is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(f) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(g) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 15.3; or

(h) any other amendments similar to the foregoing.

14.2 Amendment Procedures.

(a) Except as provided in Section 14.1 all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed solely by the General Partner. Each such proposal shall contain the text of the proposed amendment. A proposed amendment shall be effective upon its approval by the Limited Partner.

(b) Notwithstanding the provisions of Sections 14.1 and 14.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner, or without its consent, which may be given or withheld in its sole discretion, of the General Partner, (ii) modify the compensation payable to the General Partner or any of its Affiliates by the Partnership or the Operating Partnership, (iii) change Section 13.1(a) or (c), (iv) restrict in any way any action by or rights of the General Partner as set forth in this Agreement, (v) charge the term of the Partnership or, except as set forth in Section 13.1(c), give any Person the right to dissolve the Partnership or (vi) modify the last sentence of Section 1.2.

ARTICLE XV - MERGER

15.1 Authority. The Partnership may merge or consolidate with one or more corporations, business trusts, limited liability companies or associations, real estate investment trusts, common law trusts or unincorporated businesses, including, without limitation, a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article.

15.2 Procedure for Merger or Consolidation. Merger or consolidation of the Partnership pursuant to this Article requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The name and jurisdiction of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdictions of formation or organization of the business entity that is to survive the proposed merger or consolidation (hereafter designated as the "Surviving Business Entity");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partnership interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partnership interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partnership interest are to receive in exchange for, or upon conversion of, their securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity or any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 15.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, it shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Any amendment to this Agreement or the adoption, if any, of a new limited partnership agreement for any limited partnership that is the Surviving Business Entity, as permitted by Section 211(g) of the Delaware Act.

(h) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

15.3 Approval by Limited Partner of Merger or Consolidation.

(a) The General Partner of the Partnership, upon its approval of the Merger Agreement, shall submit a copy or summary of the Merger Agreement to the Limited Partner for its approval.

(b) The Merger Agreement shall be approved upon receiving the consent of the Limited Partner. After such approval by the Limited Partner, and at any time prior to the filing of the certificate of merger pursuant to Section 15.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

15.4 Certificate of Merger. Upon the required approval by the General Partner and the Limited Partner of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

15.5 Effect of Merger.

(a) Upon the effective date of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and shall not be in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interest in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

ARTICLE XVI - GENERAL PROVISIONS

16.1 Addresses and Notice. Any notice, demand, request or report required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made where received by it at the principal office of the Partnership referred to in Section 1.3.

16.2 Titles and Captions. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

16.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice-versa.

16.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

16.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

16.6 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

16.7 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

16.8 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

16.9 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

16.10 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

16.11 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

16.12 Amendments to Reflect the Contribution Agreement. In addition to the amendments to this Agreement contained in the Contribution Agreement and notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be deemed to be further amended and modified to the extent necessary, but only to the extent necessary, to carry out the purposes and intent of the Contribution Agreement.

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WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

TEPPCO GP, Inc.

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

LIMITED PARTNER:

TEPPCO PARTNERS, L.P.

By: Texas Eastern Products Pipeline Company LLC,
as general partner

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

EXHIBIT 3.10

AGREEMENT OF LIMITED PARTNERSHIP

OF

TEPPCO MIDSTREAM COMPANIES, L.P.

September 24, 2001

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AGREEMENT OF LIMITED PARTNERSHIP
OF
TEPPCO MIDSTREAM COMPANIES, L.P.

THIS AGREEMENT OF LIMITED PARTNERSHIP OF TEPPCO MIDSTREAM COMPANIES, L.P., dated as of September 24, 2001 is entered into by and among TEPPCO GP, Inc., a Delaware corporation, as the General Partner and TEPPCO Partners, L.P., a Delaware limited partnership, as the Limited Partner. In consideration of the covenants, conditions and agreements contained herein, the parties hereto agree as follows:

ARTICLE I - ORGANIZATIONAL MATTERS

1.1 Formation. The General Partner and the Limited Partner hereby formed this Partnership as a limited partnership pursuant to the provisions of the Delaware Act, and hereby amend and restate the original Agreement of Limited Partnership in its entirety. Except as expressly provided to the contrary in this Agreement, the rights and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. The Partnership Interest of each Partner shall be personal property for all purposes.

1.2 Name. The name of the Partnership shall be "TEPPCO Midstream Companies, L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner, including, without limitation, the name of the General Partner or any Affiliate thereof. The words "Limited Partnership", "L.P.", "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partner of such change in the next regular communication to the Limited Partner. Notwithstanding the foregoing, unless otherwise permitted by DEFS and Duke, the Partnership shall change its name to a name not including "TEPPCO Midstream Companies, L.P.," "TCTM," "TEPPCO," "Texas Eastern", or "Duke" and shall cease using the name "TEPPCO Midstream Companies, L.P.," "TCTM," "TEPPCO," "Texas Eastern," or "Duke" or other names or symbols associated therewith at such time as neither TEPPCO GP, Inc., nor another Affiliate of DEFS or Duke is the general partner of the Partnership.

1.3 Registered Office. Principal Office. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at The Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801 and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership and the address of the General Partner shall be 2929 Allen Parkway, Houston, Texas 77019-2119, or such other place as the General Partner may from time to time designate by notice to the Limited Partner. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

1.4 Power of Attorney.

(a) The Limited Partner hereby constitutes and appoints each of the General Partner and, if a Liquidator shall have been selected pursuant to Section 13.2, the Liquidator severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate of Limited Partnership and all amendments or restatements thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including, without limitation, conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article X, XI, XII or XIII or the Capital Contribution of any Partner; (E) all certificates, documents and other instruments (including, without limitation, agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates and other instruments necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when the consent or approval of the Limited Partner is required by any provision of this Agreement, the General Partner or the Liquidator may exercise the power of attorney made in this Section 1.4(a) (ii) only after the necessary consent or approval of the Limited Partner.

Nothing contained in this Section 1.4 shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIV, or as may be otherwise expressly provided for in this Agreement

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death,

incompetency, disability, incapacity, dissolution, bankruptcy or termination of the Limited Partner and the transfer of all or any portion of such Limited Partner's Partnership Interest and shall extend to such Limited Partner's heirs, successors, assigns and personal representatives. The Limited Partner hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and the Limited Partner hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. The Limited Partner shall execute and deliver to the General Partner or the Liquidator, within fifteen days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

1.5 Term. The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2084, or until the earlier termination of the Partnership in accordance with the provisions of Article XIII.

ARTICLE II - DEFINITIONS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-(2)(g)(i) and 1.701-2(i)(5) to be allocated to such Partner in subsequent years under items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-2(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.4(d).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with, the Person in question. As used herein, the term control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 5.1 including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; and the General Partner shall, in its sole discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties conveyed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this Agreement of Limited Partnership of TEPPCO Midstream Companies, L.P., as it may be amended, supplemented or restated from time to time.

"Available Cash" means, with respect to any calendar quarter, (i) the sum of (A) all cash receipts of the Partnership during such quarter from all sources and (B) any reduction in reserves established in prior quarters, less (ii) the sum of (aa) all cash disbursements of the Partnership during such quarter (excluding cash distributions to Partners, but including disbursements for taxes of the Partnership as an entity, debt service and capital expenditures) and (bb) any reserves established in such quarter in such amounts as the General Partner determines to be necessary or appropriate in its reasonable discretion (x) to provide for the proper conduct of the business of the Partnership (including reserves for future rate refunds or capital expenditures) or (y) to provide funds for distributions with respect to any of the next four calendar quarters and (cc) any other reserves established in such quarter in such amounts as the General Partner determines in its reasonable discretion to be necessary because the distribution of such amounts would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash disbursements of the Partnership which reduce "Available Cash," but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all partners) may be considered to be cash disbursements of the Partnership which reduce "Available Cash", but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to Partners. Notwithstanding the foregoing, "Available Cash" shall not include any cash receipts or reductions in reserves or take into account any disbursements made or reserves established after commencement of the dissolution and liquidation of the Partnership.

"Book-Tax Disparity" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 4.4 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Capital Account" means the capital account maintained for a Partner pursuant to Section 4.4.

"Capital Contributor" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner has contributed or may contribute to the Partnership pursuant to Section 4.1, 4.2 or 4.4(c)(i).

"Carrying Value" means (a) with respect to a Contributed Property the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' Capital Accounts, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 4.4(d)(i) and 4.4(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 6.2 hereof, as such Certificate may be amended and/or restated from time to time.

"Closing Date" means the date on which the "First Time of Delivery" occurs as such term is defined in the Underwriting Agreement.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code or otherwise). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.4(d)(i), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Contributing Partner" means each Partner contributing (or deemed to have contributed on termination and reconstitution of the Partnership pursuant to Section 708 of the Code or otherwise) a Contributed Property.

"Contribution Agreement" has the meaning set forth in the recitals hereto

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 5.1(d) (ix).

"DEFS" means Duke Energy Field Services, LLC, a Delaware limited liability company.

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et. seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Partner" means a former General Partner, from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 12.1 or Section 12.2.

"Duke" means Duke Energy Corporation, a Delaware corporation.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(1).

"Event of Withdrawal" has the meaning assigned to such term in Section 12.1(a).

"Exchange Act" means the Securities Exchange Act of 1934 as amended, supplemented or restated from time to time, and any successor to such statute.

"General Partner" means TEPPCO GP, Inc., a Delaware corporation.

"General Partner Equity Value" means, as of any date of determination, the fair market value of the General Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt.

"Indemnitee" means the General Partner, any Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person.

"Initial Offering" means the initial offering of Units to the public, as described in the Registration Statement.

"Investor Partnership" means TEPPCO Partners, L.P. a Delaware limited partnership.

"Investor Partnership Agreement" means the Agreement of Limited Partnership of the Investor Partnership, dated March 7, 1990, as such agreement has been amended or restated, or may in the future be amended or restated in accordance with its terms.

"Limited Partner" means the Limited Partner, each Substituted Limited Partner, if any, and each other Person, if any, that is admitted to the Partnership as a limited partner pursuant to Section 11.1 and that is shown as a limited partner on the books and records of the Partnership.

"Limited Partner Equity Value" means, as of any date of determination, the fair market value of the Limited Partner's Partnership Interest, as determined by the General Partner using whatever reasonable method of valuation it may adopt.

"Liquidator" means the General Partner or other Person approved pursuant to Section 13.2 who performs the functions described therein.

"Merger Agreement" has the meaning assigned to such term in Section 15.1.

"Minimum Gain Attributable to Partner Nonrecourse" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(i)(3).

"National Securities Exchange" means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Exchange Act.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 4.4(d) (ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.4(b) and shall not include any items specially allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.4(b) and shall not include any items specifically allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Income or Net Loss shall be recomputed without regard to such item.

"Net Termination Gain" means, for any taxable period, the sum, if positive, of all items of income, gain or loss recognized by the Partnership from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 4.4(b) and shall not include any items of income, gain or loss specifically allocated under Section 5.1(d). Once an item of income, gain or loss that has been included in the initial computation of Net Termination Gain is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item;

"Net Termination Loss" means, for any taxable period, the sum, if negative, of any items of income, gain or loss recognized by the Partnership from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination

Loss shall be determined in accordance with Section 4.4(b) and shall not include any items or income, gain or loss specifically allocated under section 5.1(d). Once an item of gain or loss that has been included in the initial computation of Net Termination Loss is subjected to a Required Allocation or a Curative Allocation, the applicable Net Termination Gain or Net Termination Loss shall be recomputed without regard to such item;

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 5.2(b) (i) (A), 5.2(b) (ii) (A) or 5.2(b) (iv) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deduction" means any and all items of loss, deduction or expenditure (described in Section 705(a) (2) (B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b)(1) and 1.704-2(c), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.704-2(b).

"Opinion of Counsel" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner) acceptable to the General Partner.

"Outstanding" means all Partnership Interests of the Limited Partner that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination.

"Partner" means the General Partner and the Limited Partner.

"Partner Nonrecourse" has the meaning set forth in Treasury Regulation Section 1.704-2(b).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a) (2) (B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i)(1) and 1.704-2(i)(2), are attributable to a Partner Nonrecourse Debt.

"Partnership" means TEPPCO Midstream Companies, L.P., a Delaware limited partnership established pursuant to this Partnership Agreement, and any successor thereto.

"Partnership Inception" means the March 7, 1990.

"Partnership Interests" means the interest of a Partner in the Partnership.

"Partnership Minimum Gain" means the amount determined in accordance with the principles of Treasury Regulation Sections 1.704-2(b)(2) and 1.704-2(d).

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means as of the date of such determination (a) as to the General Partner, .001% and (b) as to the Limited Partner, 99.999%.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Sections 734 or 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or assets.

"Record Holder" has the meaning assigned to such term in the Investor Partnership Agreement.

"Registration Statement" means the Registration Statement on Form S-1 (Registration No. 33-32203), as it may have been amended or supplemented from time to time, filed by the Investor Partnership with the Securities and Exchange Commission under the Securities Act to register the offering and sale of the Units in the Initial Offering.

"Required Allocations" means any allocation (or limitation imposed on any allocation) of an item of income, gain, deduction or loss pursuant to (a) the proviso- clause of Sections 5.1(b)(i) or (b) Sections 5.1(d)(i), 5.1(d) (ii), 5.1(d) (iii), 5.1(d)(iv) 5.1(d)(v), 5.1(d) (vi) and 5.1(d) (viii), such allocations (or limitations thereon) being directly or indirectly required by the Treasury Regulations promulgated under Section 704(b) of the Code.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Sections 5.2(b)(i)(A) or 5.2(b) (ii) (A), respectively, to eliminate Book-Tax Disparities.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.1 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 15.2(b).

"Termination Capital Transactions" means any sale, transfer or other disposition of property of the Partnership occurring upon or incident to the liquidation and winding up of the Partnership pursuant to Article XIII.

"Unit" has the meaning assigned to such term in the Investor Partnership Agreement.

"Unitholder" means a Person who holds Units.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 4.4(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination the excess, if any, of (a) the (Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 4.4(d)).

ARTICLE III - PURPOSE

3.1 Purpose and Business. The purpose and nature of the business to be conducted by the Partnership shall be (i) to engage in the gathering of natural gas and natural gas liquids and related products and related activities, (ii) to engage directly in, or to enter into any partnership, joint venture or similar arrangement to engage in, any business activity that may be lawfully conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (iii) to do anything necessary or appropriate to the foregoing, and (iv) to engage in any other business activity as permitted under Delaware law. The General Partner has no obligation or duty to the Partnership or the Limited Partner to propose or approve, and in its sole discretion may decline to propose or approve, the conduct by the Partnership pursuant to such clauses (ii) and (iv) above of any business other than as contemplated by clause (i) above.

3.2 Powers. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 3.1 and for the protection and benefit of the Partnership.

ARTICLE IV - CAPITAL CONTRIBUTIONS

4.1 Initial Contributions.

(a) Effective as of the date hereof, the Investor Partnership has contributed and delivered to the Partnership, as a Capital Contribution, $1,000 in exchange for a Partnership Interest as a limited partner in the Partnership that represents a 99.999% limited partner interest, and the Investor Partnership is hereby admitted to the Partnership as a limited partner of the Partnership.

(b) Effective as of the date hereof, the General Partner has contributed and delivered to the Partnership, as a Capital Contribution, the sum of $1.00, in exchange for a Partnership

Interest as a general partner in the Partnership that represents a 0.001% general partner interest, and the General Partner is hereby admitted to the Partnership as the general partner of the Partnership.

4.2 Additional Capital Contribution by the Investor Partnership. The Investor Partnership, with the consent of the General Partner, may, but shall not be obligated to, make additional Capital Contributions to the Partnership.

4.3 Preemptive Rights. The Limited Partner shall have preemptive rights with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Partnership Interests, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Partnership Interests; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Partnership Interests; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

4.4 Capital Accounts.

(a) The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 4.4(b) and allocated pursuant to Section 5.1 and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 4.4(b) and allocated to such Partner pursuant to Section 5.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided that:

(i) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 5.1.

(ii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b) (2) (iv) (m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(l)(B) or 705(a) (2) (B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(iii) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(iv) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 4.4(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(v) If the Partnership's adjusted basis in depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q) (1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 5.1. Any restoration of such basis pursuant to Section 48(q) (2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) Consistent with the provisions of Treasury Regulation Section 1.704-1(b)(2)iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property, the Capital Accounts of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership Property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such Property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 5.1. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of Partnership interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided however, the General Partner, in arriving at such valuation must take into account the Limited Partner

Equity Value and the General Partner Equity Value, at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b) (2) (iv) (f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of each Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 5.1. Any Unrealized Gain or Unrealized Loss attributable to such property shall be allocated in the same manner as Net Termination Gain or Net Termination Loss pursuant to Section 5.1(c); provided, however, that, in making any such allocation, Net Termination Gain or Net Termination Loss actually realized shall be allocated first. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt.

4.5 Interest. No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

4.6 No Withdrawal. No Partner shall be entitled to withdraw any part of its Capital Contributions or its Capital Account or to receive any distribution from the Partnership, except as provided herein.

4.7 Loans from Partners. Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

ARTICLE V - ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocations for Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.4(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

(a) Net Income. After giving effect to the special allocations set forth in Section 5.1(d), Net Income for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner until the aggregate Net Income allocated to the General Partner pursuant to this Section 5.1(a) (i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 5.1(b) (ii) for all previous taxable years; and

(ii) Second, the balance, if any, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests.

(b) Net Losses. After giving effect to the special allocations set forth in Section 5.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests, provided, that Net Losses shall not be allocated pursuant to this Section 5.1(b) (ii) to the extent that such allocation would cause any Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account); and

(ii) Second, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 5.1(d), all items of gain and loss taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 5.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 5.1 and after all distributions of Available Cash have been made with respect to the taxable period ending on the date of the Partnership's liquidation pursuant to Section 13.2.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 4.4(d)) from Termination Capital Transactions, such Net Termination Gain shall be allocated between the General Partner and the Limited Partner in the following manner:

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account; and

(B) Second, 100% to the General Partner and the Limited Partner, in accordance with their respective Percentage Interests.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 4.4(d)) from Termination Capital Transactions, such Net Termination Loss shall be allocated to the Partners in the following manner:

(A) First, 100% to the General Partner and the Limited Partner in proportion to, and to the extent of the positive balances in their respective Capital Accounts; and

(B) Second, the balance, if any, 100% to the General Partner.

(d) Special Allocation. Notwithstanding any other provision of this Section 5.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 5.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in Partnership Minimum Gain during such taxable period that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-(2)(g)) to the disposition of Partnership property subject to one or more Nonrecourse Liabilities of the Partnership, or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(g)). The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-(2)(f)(6) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d) with respect to such taxable period. This Section 5.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Minimum Gain Attributable to Partner Nonrecourse Debt. Notwithstanding the other provisions of this Section 5.1 (other than Section 5.1(d)(i)), if there is a net decrease in Minimum Gain Attributable to Partner Nonrecourse Debt during any Partnership taxable period, any Partner with a share of Minimum Gain Attributable to Partner Nonrecourse Debt at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the greater of (A) the portion of such Partner's share of the net decrease in the Minimum Gain Attributable to Partner Nonrecourse Debt that is allocable (in accordance with the principles set forth in Treasury Regulation Section 1.704-2(i)) to the disposition of Partnership property subject to such Partner Nonrecourse Debt or (B) the deficit balance in such Partner's Adjusted Capital Account at the end of such taxable period (modified, as appropriate, by Treasury Regulation Section 1.704-2(i)). The items to be so allocated shall be determined in a manner consistent with the principles of Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2) and, for purposes of this Section 5.1(d), each Partner's Adjusted Capital

Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d), other than Section 5.1(d)(i), with respect to such taxable period. This Section 5.1(d) (ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. Except as provided in Sections 5.1(d)(i) and 5.1(d) (ii), in the event any Partner unexpectedly receives any adjustments, allocation or distributions described in Treasury Regulation Section 1.704-1(b) (2) (ii) (d) (4), 1.704-1(b) (2) (ii) (d) (5), or 1.704-1(b) (2) (ii) (d) (6), items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d) (iii) shall be made only if and to the extent that such partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided in this Section 5.1 have been tentatively made as if this Section 5.1(d) (iii) were not in this Agreement.

(iv) Gross Income Allocations. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable Period that is in excess of the sum of (A) the amount such Partner is obligated to restore pursuant to any provision of this Agreement and (B) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(i) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d) (iv) shall be made only if and to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 5.1 have been tentatively made as if Section 5.1(d) (iii) and this Section 5.1(d)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in the same ratios that Net Income or Net Losses, as the case may be, is allocated for the taxable year. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-1T(b)(4)(iv)(h). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) Nonrecourse Liabilities. The Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b) (2) (iv) (m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(ix) Curative Allocation. (A) Notwithstanding any other provision of this Section 5.1, other than the Required Allocation provisions, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and this Curative Allocation not otherwise been provided in this Section 5.1. Notwithstanding the preceding sentence, Required Allocations relating to (l) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Minimum Gain Attributable to Partner Nonrecourse Debt. Allocations pursuant to this Section 5.1(d) (ix) (A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 5.1(d) (ix) (A) shall be deferred with respect to allocations pursuant to clauses (l) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 5.1(d) (ix) (A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 5 1(d) (ix) (A) among the Partners in a manner that is likely to minimize such economic distortions.

5.2 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 5.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) except as otherwise provided in Section 5.2(b) (iv), any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manners as its correlative items of "book" gain or loss is allocated pursuant to Section 5.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocators thereof pursuant to Section 4.4(d)(i) or (ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 5.2(b) (i) (A); and (B) except as otherwise provided in Section 5.2(b) (iv), any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iii) Except as otherwise provided in Section 5.2(b) (iv), all other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Section 5.1.

(iv) Any items of income, gain, loss or deduction otherwise allocable under Section 5.2(b)(i)(B), 5.2(b) (ii) (B) or 5.2(b) (iii) shall be subject to allocation by the General Partner in a manner designed to eliminate, to the maximum extent possible, Book-Tax Disparities in a Contributed Property or Adjusted Property otherwise resulting from the application of the "ceiling" limitation (under Section 704(c) of the Code or Section 704(c) principles) to the allocations provided under Section 5.2(b) (i) (A) or 5.2(b) (ii) (A)

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Units of the Investor Partnership (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section

704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Units of the Investor Partnership (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 5.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units of the Investor Partnership issued and outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its sole discretion may determine to depreciate the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation method and useful life applied to the Partnership's common basis of such property, despite the inconsistency of such approach with Treasury Regulation Section 1.167(c)-1(a) (6). If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt a depreciation convention under which all purchasers acquiring Units of the Investor Partnership in the same month would receive depreciation, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation convention to preserve the uniformity of the intrinsic tax characteristics of any Units of the Investor Partnership that would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Units of the Investor Partnership.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 5.2 be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) The General Partner may adopt such methods of allocation of income, gain, loss or deduction between a transferor and a transferee of a Partnership Interest as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

5.3 Requirement of Distributions. Within fifty days following the end of each calendar quarter, an amount equal to 100% of Available Cash with respect to such quarter (or period) shall be distributed by the Partnership to the Partners in accordance with their respective Percentage Interests. The immediately preceding sentence shall not require any distribution of cash if and to the extent such distribution would be prohibited by applicable law or by any loan

agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject.

ARTICLE VI - MANAGEMENT AND OPERATION OF BUSINESS

6.1 Management. The General Partner shall conduct, direct and exercise full control over all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and the Limited Partner shall have no right of control or management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or desirable (i) to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation, (A) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations and the securing of same by mortgage, deed of trust or other lien or encumbrance; (B) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership, (C) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (C) being subject, however, to any prior approval that may be required by Section 6.3); (D) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership, the lending of funds to other Persons and the repayment of obligations of the Partnership; (E) the negotiation, execution and performance of any contracts, conveyances or other instruments (including, without limitation, instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case); (F) the distribution of Partnership cash; (G) the selection and dismissal of employees and agents (including without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (H) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate; (I) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures or other relationships; (J) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (K) the indemnification of any person against liabilities

and contingencies to the extent permitted by law; and (L) the undertaking of any action in connection with the Partnership's participation in the business activities that may be made available to it (including, without limitation, contributions or loans of funds by the Partnership in connection with its participation in such business activities).

6.2 Certificate of Limited Partnership. The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the Limited Partner has limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership in which the Limited Partner has limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 7.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to the Limited Partner.

6.3 Restrictions on General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by the Limited Partner or by other written instrument executed and delivered by the Limited Partner subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, without limitation, (i) any act that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement; (ii) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose; (iii) admit a Person as a Partner, except as otherwise provided in this Agreement; (iv) amend this Agreement in any manner, except as otherwise provided in this Agreement; or (v) transfer its interest as general partner of the Partnership, except as otherwise provided in this Agreement.

(b) Except as provided in Article XIII, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination with any other Person) without the approval of the Limited Partner; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets and shall not apply to any forced sale of any or all of the Partnership's assets pursuant to the foreclosure of, or other realization upon, any such encumbrance.

(c) At all times while serving as the general partner of the Partnership, the General Partner shall not make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control if the effect of such dividend, distribution, repurchase or

other action would be to reduce its net worth below an amount necessary to receive an Opinion of Counsel that the Partnership will be treated as a partnership for federal income tax purposes.

6.4 Reimbursement of the General Partner.

(a) Except as provided in this Section 6.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its services as general partner of the Partnership

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including, without limitation, amounts paid to any Person to perform services for the Partnership) and (ii) that portion of the General Partner's or its Affiliates' legal, accounting, investor communications, utilities, telephone, secretarial, travel, entertainment, bookkeeping, reporting, data processing, office rent and other office expenses (including, without limitation, overhead charges), salaries, fees and other compensation and benefit expenses of employees, officers and directors, other administrative or overhead expenses and all other expenses, in each such case, necessary or appropriate to the conduct of the Partnership's business and allocable to the Partnership or otherwise incurred by the General Partner in connection with operating the Partnership's business (including, without limitation, expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the fees and expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 6.7. Notwithstanding the foregoing grant of authority, expenses for administrative services and overhead allocated pursuant to this Section 6.4(b) to the Partnership, the Investor Partnership and the General Partner, considered together, by Duke or its Affiliates (excluding the General Partner) shall not exceed $25,000 in each month, unless expressly agreed otherwise.

(c) The General Partner in its sole discretion and without the approval of the Limited Partner may propose and adopt on behalf of the Partnership employee benefit plans (including, without limitation, plans involving the issuance of Units), for the benefit of employees of the General Partner, the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership.

6.5 Outside Activities.

(a) After the Closing Date, the General Partner shall limit its activities to those required or authorized by this Agreement.

(b) Except as provided in Section 6.5(a), each Indemnitee is free to engage in any business, including any business that is in competition with the business of the Partnership. The General Partner and any other Persons affiliated with the General Partner may acquire Units or other partnership securities of the Investor Partnership and shall be entitled to exercise all rights of an Assignee or limited partner, as applicable, relating to such Units or partnership securities, as the case may be.

(c) Without limiting Sections 6.5(a) and 6.5(b), but notwithstanding anything to the contrary in this Agreement, the competitive activities of Indemnitees described in the Registration Statement are hereby approved by all Partners, and it shall not be deemed to be a breach of the General Partner's fiduciary duty for the General Partner to permit an Indemnitee to engage in a business opportunity in preference to or to the exclusion of the Partnership.

6.6 Loans to and from the General Partner; Contracts with Affiliates.

(a) The General Partner, the Limited Partner or any Affiliates thereof may lend to the Partnership, and the Partnership may borrow, funds needed or desired by the Partnership for such periods of time as the General Partner may determine; provided, however, that neither the General Partner, the Limited Partner or any of their Affiliates may charge the Partnership interest at a rate greater than the rate that would be charged the Partnership (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The Partnership shall reimburse the General Partner, the Limited Partner or any of their Affiliates, as the case may be, for any costs (other than any additional interest costs) incurred by it in connection with the borrowing of funds obtained by the General Partner, the Limited Partner or any of their Affiliates and loaned to the Partnership.

(b) The Investor Partnership may lend or contribute to the Partnership, and the Partnership may borrow, funds on terms and conditions established in the sole discretion of the General Partner. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of the Investor Partnership or any other Person. The Partnership may not lend funds to the General Partner or any of its Affiliates, otherwise than for short-term funds management purposes.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership. Any service rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

(d) The Partnership may transfer assets to joint ventures, other Partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to any transaction the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties.

(f) The General Partner and its Affiliates will have no obligation to permit the Partnership or the Investor Partnership to use any facilities of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 6.6(a) through 6.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement under the caption "Conflicts of Interest and Fiduciary Responsibility" are hereby approved by all Partners.

6.7 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, each Indemnitee shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as (i) the General Partner, a Departing Partner or any of their Affiliates, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their Affiliates or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, provided, that in each case the Indemnitee acted in good faith, in a manner which such Indemnitee believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a Presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 6.7 shall be made only out of the assets of the Partnership.

(b) To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.7.

(c) The indemnification provided by this Section 6.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitees' capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or Departing Partner or an Affiliate thereof or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and as to actions in any other capacity.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Person as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of this Agreement.

(e) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.7(a); and action taken or omitted by it with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partner to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in Part under this Section 6.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligation of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.8 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partner, or any other Persons who have acquired interests in the Partnerships, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 6.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the

General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 6.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership and the Limited Partner of the General Partner, its directors, officers and employees under this Section 6.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.9 Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the Investor Partnership Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, or the Investor Partnership, on the other hand, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by the Limited Partner, and shall not constitute a breach of this Agreement, of the Investor Partnership Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is or, by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized in connection with its resolution of any conflict of interest to consider (i) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests (ii) any customary or accepted industry practices and any customary or historical dealings with a Particular Person; (iii) any applicable generally accepted accounting or engineering practices or principles; and (iv) such additional factors as the General Partner determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion", that it deems "necessary or appropriate" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the Investor Partnership, the Limited Partner or any holder of Units, or (ii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Investor Partnership Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner consistent with the standards of "reasonable discretion" set forth in the definition of Available Cash shall not

constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership, other than in the ordinary course of business. No borrowing by the Partnership or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to enable the General Partner to receive incentive distributions pursuant to the Investor Partnership Agreement.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

6.10 Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the opinion (including, without limitation, an Opinion of Counsel) of such Persons as to matters that such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or committed in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement so long as such action is reasonably believed by the General Partner to be in the best interests of the Partnership.

6.11 Title to Partnership Assets. Title to Partnership Assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any Ownership interest in such Partnership Assets or any portion thereof. Title to any or all of the Partnership Assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership Assets for which record title is held in the name of the General Partner shall be held by the

General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable. All Partnership Assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership Assets are held.

6.12 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. The Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VII - RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNER

7.1 Limitation of Liability. The Limited Partner shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

7.2 Management of Business. The Limited Partner shall not take part in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partner under this Agreement.

7.3 Return of Capital. The Limited Partner shall not be entitled to the withdrawal or return of his Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement.

7.4 Rights of the Limited Partner Relating to the Partnership.

(a) In addition to other rights provided by this Agreement or by applicable law and except as limited by Section 7.4(b), the Limited Partner shall have the right, for a purpose reasonably related to the Limited Partner's interest as a limited partner to the Partnership, upon reasonable demand and at the Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to him, upon notification to the General Partner, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him, upon notification to the General Partner, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto;

(v) to obtain true and full information regarding the amount of cash and description and statement of the Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) Notwithstanding any other provision of this Agreement, the General Partner may keep confidential from the Limited Partner for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the partnership or the Investor Partnership or that the Partnership or the Investor Partnership is required by law or by agreements with third parties to keep confidential.

ARTICLE VIII - BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 Records and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership business including, without limitation, all books and records necessary to provide to the Limited Partner any information, lists and copies of documents required to be provided pursuant to Section 7.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard disks, punch cards, magnetic tape, photographs, micrographics or any other information storage device,

provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

8.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

ARTICLE IX - TAX MATTERS

9.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety days of the close of each taxable year of the Partnership, the tax information reasonably required by the Limited Partner for federal and state income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes. The taxable year of the Partnership shall be the calendar year.

9.2 Tax Elections. Except as otherwise provided herein, the General Partner shall in its sole discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole discretion that such revocation is in the best interests of the Limited Partner.

9.3 Tax Controversies. Subject to the provisions hereof, the General Partner is designated the Tax Matters Partner (as defined in Section 6231 of the Code), and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including, without limitation, resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. The Limited Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

9.4 Organizational Expenses. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

9.5 Withholding. Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its sole discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of

the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including, without limitation, by reason of Section 1446 of the Code), the amount withheld shall be treated as a distribution of cash pursuant to Section 5.3 in the amount of such withholding from such Partner.

9.6 Opinions of Counsel. Notwithstanding any other provision of this Agreement, if the Partnership is taxable for federal income tax purposes as a corporation or otherwise taxed for federal income tax purposes as an entity at any time and, pursuant to the provisions of this Agreement, an Opinion of Counsel could otherwise be required to the effect that an action will not cause the Partnership to become so taxable as a corporation or other entity or to be treated as an association taxable as a corporation, such requirement for an Opinion of Counsel shall be deemed automatically waived.

ARTICLE X - TRANSFER OF INTERESTS

10.1 Transfer.

(a) The term "transfer," when used in this Article X with respect to a Partnership Interest, shall be deemed to refer to an appropriate transaction by which a Partner disposes of its Partnership Interest to another Person and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article X. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article X shall be null and void.

10.2 Transfer of General Partner's Partnership Interest.

(a) Except as set forth in Section 10.2(b), the General Partner may not transfer all or any part of its Partnership Interest.

(b) Neither Section 10.2(a) nor any other provision of this Agreement shall be construed to prevent (and the Limited Partner does hereby expressly consent to) (i) the transfer by the General Partner of all or a portion of its Partnership Interest to one or more Affiliates, which Partnership Interest to the extent not transferred to a successor General Partner, shall be a Limited Partner's Partnership Interest or (ii) the transfer by the General Partner of all its Partnership Interest upon its merger, consolidation or other combination into any other Person or the transfer by it of all or substantially all of its assets to another Person if, in the case of a transfer described in either clause (i) or (ii) of this sentence, the rights and duties of the General Partner with respect to the Partnership Interest so transferred as a General Partner's Partnership Interest (or the rights and duties of a Limited Partner with respect to the Partnership Interest so transferred as a Limited Partner's Partnership Interest) are assumed by the transferee and the transferee agrees to be bound by the provisions of this Agreement and the Investor Partnership Agreement; provided, that in either such case, such transferee furnishes to the Partnership an Opinion of Counsel that such merger, consolidation, combination, transfer or assumption will not result in a loss of limited liability of the Limited Partner or cause the Partnership to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes. In the case of a

transfer of a Partnership Interest pursuant to this Section 10.2(b) to a Person proposed as a successor general partner of the Partnership, the transferee or successor (as the case may be) shall be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

10.3 Transfer of the Limited Partner's Partnership Interest. If the Limited Partner merges, consolidates or otherwise combines into any other Person or transfers all or substantially all of its assets to another Person, such Person may become a substituted Limited Partner pursuant to Article XI. Except as set forth in the immediately preceding sentence, the Limited Partner may not transfer all or any part of its Partnership Interest or withdraw from the Partnership.

ARTICLE XI - ADMISSION OF PARTNERS

11.1 Admission of Substituted Limited Partner. Any Person that is the successor in interest to the Limited Partner as described in Section 10.3 shall be admitted to the Partnership as a limited partner upon (a) furnishing to the General Partner (i) acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement and (ii) such other documents or instruments as may be required to effect its admission as a limited partner in the Partnership and (b) obtaining the consent of the General Partner, which consent may be withheld or granted in the sole discretion of the General Partner. Such Person shall be admitted to the Partnership as a Limited Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

11.2 Admission of Successor or General Partner. A successor General Partner approved pursuant to Section 12.1 or the transferee of or successor to all of the General Partner's Partnership Interest Pursuant to Section 10.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 12.1 or the transfer of the General Partner's Partnership Interest pursuant to Section 10.2; provided, however, that no such successor shall be admitted to the Partnership until the terms of Section 10.2 have been complied with. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

11.3 Amendment of Agreement and Certificate of Limited Partnership. To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, to prepare and file an amendment to the Certificate of Limited Partnership and may for this purpose, among others, exercise the power of attorney granted pursuant to Section 1.4.

ARTICLE XII - WITHDRAWAL OR REMOVAL OF PARTNERS

12.1 Withdrawal of the General Partner.

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the Limited Partner;

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 10.2;

(iii) the General Partner is removed pursuant to Section 12.2;

(iv) the general partner of the Investor Partnership withdraws from, or is removed as the general partner of, the Investor Partnership and a successor general partner is not appointed in accordance with the Investor Partnership Agreement;

(v) the General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition; (C) files a petition or answer seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this sentence; or (E) seeks, consents to or acquiesces in the appointment of a trustee receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(vi) a final and non-appealable judgment is entered by a court with appropriate jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect; or

(vii) a certificate of dissolution or its equivalent is filed for the General Partner, or ninety days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation.

If an Event of Withdrawal specified in this Section 12.1(a)(v), (vi) or (vii) occurs, the withdrawing General Partner shall give written notice to the Limited Partner within thirty days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 12.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal will not constitute a breach of this Agreement under the following circumstances: (i) at any time that the General Partner ceases to be a General Partner pursuant to Section 12.1(a) (ii) or is removed pursuant to Section 12.2; or (ii) at any time that the General

Partner is removed as provided in Section 12.1(a) (iii). If the General Partner gives a notice of withdrawal pursuant to Section 12.1(a) (i) or if the General Partner is removed pursuant to Section 12.2 or withdraws pursuant to Section 12.1(a) (ii), the Limited Partner may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal or removal, a successor is not selected by the Limited Partner as provided herein or the Partnership does not receive an Opinion of Counsel that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of the Limited Partner or cause the Partnership to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes, the Partnership shall be dissolved in accordance with Section 13.1. If a successor General Partner is elected and the Opinion of Counsel is rendered as provided in the immediately preceding sentence, such successor shall be admitted (subject to Section 11.2) immediately prior to the effective time of the withdrawal or removal of the Departing Partner and shall continue the business of the Partnership without dissolution.

12.2 Removal of the General Partner. The General Partner may be removed if such removal is approved by the Limited Partner. Any such action by the Limited Partner for removal of the General Partner must also provide for the election and succession of a new General Partner. Such removal shall be effective immediately following the admission of the successor General Partner pursuant to Article XI. The right of the Limited Partner to remove the General Partner shall not exist or be exercised unless the Partnership has received an Opinion of Counsel that the removal of the General Partner and the selection of a successor General Partner will not result in the loss of limited liability of the Limited Partner or the taxation of the Partnership as a corporation or otherwise result in the Partnership being taxed as an entity for federal income tax purposes.

12.3 Interest of Departing Partner and Successor General Partner. The Partnership Interest of a Departing Partner departing as a result of withdrawal or removal pursuant to Section 12.1 or 12.2 shall (unless it is otherwise required to be converted into Units pursuant to Section 13.2(b) of the Investor Partnership Agreement) be purchased by the successor to the Departing Partner for cash in amount equal to the fair market value of the Departing Partner's Partnership Interest, determined as of the effective date of its departure in the manner specified in the Investor Partnership Agreement for the purchase of a Departing Interest (as defined in the Investor Partnership Agreement). Such purchase (or conversion into Units, as applicable) shall be a condition to the admission to the Partnership of the successor as the General Partner. Notwithstanding the foregoing, an assignment of all or any portion of a General Partner's (or Departing General Partner's) Partnership Interest to the Investor Limited Partnership as Limited Partner, or to any other Person (other than an individual) the ownership interest of which is then transferred to the Investor Limited Partnership, can be made in exchange for an increased interest in the Investor Limited Partnership and in lieu of a cash purchase.

12.4 Reimbursement of Departing Partner. The Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including, without limitation, any employee-related liabilities (including, without limitation, severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership.

12.5 Withdrawal of the Limited Partner. The Limited Partner shall not have any right to withdraw from the Partnership without the prior consent of the General Partner.

ARTICLE XIII - DISSOLUTION AND LIQUIDATION

13.1 Dissolution. The Partnership shall not be dissolved by the admission of a Substituted Limited Partner or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs should be wound up, upon:

(a) the expiration of its term as provided in Section 1.5;

(b) an Event of Withdrawal of the General Partner as provided in Section 12.1(a), unless a successor is named as provided in Section 12.1(b) and the continuation of the business of the Partnership is approved by the Limited Partner;

(c) an election to dissolve the Partnership by the General Partner that is approved by the Limited Partner hereby;

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;

(e) the sale of all or substantially all of the assets and properties of the Partnership; or

(f) the dissolution of the Investor Partnership.

13.2 Liquidation. Upon dissolution of the Partnership, the General Partner, or in the event the General Partner has been dissolved or removed, become bankrupt as set forth in Section 12.1 or withdrawn from the Partnership, a liquidator or liquidating committee approved by the Limited Partner, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by the Limited Partner. The Liquidator shall agree not to resign at any time without fifteen days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause by notice of removal approved by the Limited Partner. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within thirty days thereafter be approved by the Limited Partner. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XIII, the Liquidator approved in the manner Provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 6.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during

such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein. The Liquidator shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including, without limitation, Partners who are creditors, in the order of priority provided by law; and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidator to be appropriate for such purposes; and

(b) to all Partners in accordance with the positive balances in their respective Capital Accounts after taking into account adjustments to such Capital Accounts pursuant to Section 5.1(c).

13.3 Distributions in Kind. Notwithstanding the provisions of Section 13.2, which require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including, without limitation, those to Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Limited Partner, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreement governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

13.4 Cancellation of Certificate of Limited Partnership. Upon the completion of the distribution of Partnership cash and property as provided in Sections 13.2 and 13.3, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

13.5 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 in order to minimize any losses otherwise attendant upon such winding up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

13.6 Return of Capital. The General Partner shall not be personally liable for the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

13.7 No Capital Account Restoration. No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership.

13.8 Waiver of Partition. Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE XIV - AMENDMENT OF PARTNERSHIP AGREEMENT

14.1 Amendment to be Adopted Solely by General Partner. The Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partner), without the approval of the Limited Partner, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or that is necessary or advisable in the opinion of the General Partner to ensure that the Partnership will not be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change (i) that, in the sole discretion of the General Partner, does not adversely affect the Limited Partner in any material respect, (ii) that is necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including, without limitation, the Delaware Act) or that is necessary or appropriate to facilitate the trading of the Units (including, without limitation, the division of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partner or (iii) that is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement

Income Security Act of 1974, as amended, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(f) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(g) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 15.3; or

(h) any other amendments similar to the foregoing.

14.2 Amendment Procedures.

(a) Except as provided in Section 14.1 all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed solely by the General Partner. Each such proposal shall contain the text of the proposed amendment. A proposed amendment shall be effective upon its approval by the Limited Partner.

(b) Notwithstanding the provisions of Sections 14.1 and 14.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner, or without its consent, which may be given or withheld in its sole discretion, of the General Partner, (ii) modify the compensation payable to the General Partner or any of its Affiliates by the Partnership or the Operating Partnership, (iii) change Section 13.1(a) or (c), (iv) restrict in any way any action by or rights of the General Partner as set forth in this Agreement, (v) charge the term of the Partnership or, except as set forth in Section 13.1(c), give any Person the right to dissolve the Partnership or (vi) modify the last sentence of Section 1.2.

(c)

ARTICLE XV - MERGER

15.1 Authority. The Partnership may merge or consolidate with one or more corporations, business trusts, limited liability companies or associations, real estate investment trusts, common law trusts or unincorporated businesses, including, without limitation, a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article.

15.2 Procedure for Merger or Consolidation. Merger or consolidation of the Partnership pursuant to this Article requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The name and jurisdiction of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdictions of formation or organization of the business entity that is to survive the proposed merger or consolidation (hereafter designated as the "Surviving Business Entity");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partnership interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partnership interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partnership interest are to receive in exchange for, or upon conversion of, their securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity or any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 15.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, it shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Any amendment to this Agreement or the adoption, if any, of a new limited partnership agreement for any limited partnership that is the Surviving Business Entity, as permitted by Section 211(g) of the Delaware Act.

(h) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

15.3 Approval by Limited Partner of Merger or Consolidation.

(a) The General Partner of the Partnership, upon its approval of the Merger Agreement, shall submit a copy or summary of the Merger Agreement to the Limited Partner for its approval.

(b) The Merger Agreement shall be approved upon receiving the consent of the Limited Partner. After such approval by the Limited Partner, and at any time prior to the filing

of the certificate of merger pursuant to Section 15.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

15.4 Certificate of Merger. Upon the required approval by the General Partner and the Limited Partner of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

15.5 Effect of Merger.

(a) Upon the effective date of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and shall not be in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interest in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

ARTICLE XVI - GENERAL PROVISIONS

16.1 Addresses and Notice. Any notice, demand, request or report required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made where received by it at the principal office of the Partnership referred to in Section 1.3.

16.2 Titles and Captions. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

16.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice-versa.

16.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

16.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

16.6 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

16.7 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

16.8 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

16.9 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

16.10 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

16.11 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

16.12 Amendments to Reflect the Contribution Agreement. In addition to the amendments to this Agreement contained in the Contribution Agreement and notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be deemed to be further amended and modified to the extent necessary, but only to the extent necessary, to carry out the purposes and intent of the Contribution Agreement.

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WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

TEPPCO GP, Inc.

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

LIMITED PARTNER:

TEPPCO PARTNERS, L.P.

By: Texas Eastern Products Pipeline Company LLC,
as general partner

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Senior V.P., C.F.O. and Treasurer

EXHIBIT 10.31

CONFORMED COPY

PURCHASE AND SALE AGREEMENT

BY AND AMONG

GREEN RIVER PIPELINE, LLC
AND
MCMURRY OIL COMPANY, SELLERS

AND

TEPPCO PARTNERS, L.P., BUYER

SEPTEMBER 7, 2001

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement"), dated September 7, 2001, is by and among Green River Pipeline, LLC, a Wyoming limited liability company ("Green River"), and McMurry Oil Company, a Wyoming corporation ("MOC") (Green River and MOC are referred to herein individually as a "Seller" and collectively as the "Sellers") and TEPPCO Partners, L.P., a Delaware limited partnership ("Buyer"). Buyer and each Seller are referred to herein individually as a "Party" and Buyer and Sellers are referred to herein collectively as the "Parties."

RECITALS:

A. Sellers own 100% of the partnership interests in the Jonah Gas Gathering Company, a Wyoming general partnership (the "Company"). The Company operates a natural gas gathering system and conducts related activities through the Assets located in and around Sublette, Lincoln and Sweetwater Counties, Wyoming (the "Business").

B. Sellers desire to sell and Buyer desires to purchase all of the partnership interests in the Company (the "Partnership Interests") under the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and the representations, warranties and covenants herein made, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 CERTAIN DEFINED TERMS. Defined terms used in this Agreement shall have the meanings set forth herein or on Exhibit A hereto.

ARTICLE 2
SALE AND PURCHASE OF THE COMPANY

2.1 SALE AND PURCHASE OF THE COMPANY. Subject to the terms and conditions of this Agreement, Sellers agree to sell and convey to Buyer, and Buyer agrees to purchase from Sellers, 100% of the Partnership Interests.

2.2 ASSUMPTION OF LIABILITIES. Effective as of the Closing, but subject to the Retained Liabilities and indemnity obligations of Sellers in Section 13.1(a), Buyer shall cause the Company to be responsible for and to pay, honor and discharge when due and payable all of

the obligations, liabilities and commitments attributable to the Company accruing after the Closing Date ("Assumed Liabilities"), including, but not limited to, the following:

(a) except to the extent otherwise expressly provided in Section 5.3, all Losses of the Company arising from, or alleged to be arising from or attributable to a violation of, or the failure to perform any obligation imposed by, Environmental Laws in effect where the Assets are located, regardless of whether arising from or attributable to the ownership of the Assets before or after the Closing Date, and regardless of whether resulting from any acts or omissions of the Company or the condition of the Property when acquired except for (i) fines and penalties asserted against the Company by any governmental authority attributable to a violation of, or the failure to perform any obligation imposed by, Environmental Laws attributable to time periods on or prior to the Closing Date; (ii) liabilities arising out of or related to any Offsite Environmental Matter attributable to time periods on or prior to the Closing Date; and (iii) any third party claims for personal injury, property damage, damage to natural resources arising out of or related to Environmental Conditions disclosed by Sellers or the Company or identified in the Environmental Review;

(b) all Losses under the terms of the Related Agreements, Property or Permits attributable to time periods after the Effective Date;

(c) all Losses attributable to litigation filed or claims made against the Company attributable to time periods after the Closing Date;

(d) all Losses occurring, arising out of or related to Transferred Employees or employment matters attributable to time periods after the Closing Date; and

(e) all Losses related to Taxes due or payable by the Company with respect to time periods after the Effective Date but subject to Section 12.1(a).

2.3 RETENTION OF LIABILITIES. Except for the Assumed Liabilities, Sellers retain and agree to pay, honor and discharge all of the obligations, liabilities and commitments of the Company attributable to time periods on or prior to the Closing Date (the "Retained Liabilities"), including, but not limited to, the following:

(a) all Losses with respect to (i) fines and penalties asserted against the Company by any governmental authority attributable to a violation of, or the failure to perform any obligation imposed by, Environmental Laws attributable to time periods on or prior to the Closing Date; (ii) liabilities arising out of or related to any Offsite Environmental Matter attributable to time periods on or prior to the Closing Date; and (iii) any third party claims for personal injury, property damage, damage to natural resources arising out of or related to Environmental Conditions disclosed by Sellers or the Company or identified in the Environmental Review;

(b) all Losses under the terms of the Related Agreements, Property or Permits attributable to time periods on or prior to the Effective Date including accounts payable and receivable of the Company;

(c) all Losses attributable to litigation filed or claims made against the Company related to time periods on or prior to the Closing Date, including those matters identified on Schedule 4.1(i);

(d) all Losses occurring, arising out of or related to Transferred Employees or employment matters with respect to the Company attributable to time periods on or before the Closing Date including, without limitation, severance payments, benefits or ERISA obligations or EEOC or other employment type claims asserted against the Company;

(e) all Losses related to Taxes due or payable by the Company with respect to time periods on or prior to the Effective Date but subject to Section 12.1(a);

(f) all Losses arising out of or related to assets previously owned by the Company that are not owned by the Company as of the Closing Date or that are not related to the Business;

(g) all Losses arising out of the underpayment (or claimed underpayment) of any royalties or similar payments to third parties (or any claims relating thereto) resulting from Affiliate transactions involving the Company prior to the Closing Date; and

(h) all Losses relating to inter-company accounts payable or receivable, which shall be satisfied prior to the Closing Date.

2.4 EXPANSION PROJECT. Buyer acknowledges that the Company is in the process of expanding a portion of the pipeline that is included in the Assets and is more particularly described in Schedule 2.4 (the "Expansion Project"). The estimated aggregate cost incurred or to be incurred by the Company related to the Expansion Project up to and including the Effective Date (the "Estimated Expansion Costs") is Nine Million Dollars ($9,000,000). The Parties agree that an adjustment shall be made pursuant to the Final Settlement Statement referred to in Section 10.1 to reflect the difference between such actual costs incurred prior to the Effective Date and the Estimated Expansion Costs so that Sellers shall receive a credit if such actual costs exceed the Estimated Expansion Costs and Buyer shall receive a credit if such actual costs are less than the Estimated Expansion Costs. Buyer acknowledges that the Company has not acquired as of the date of this Agreement, all of the rights-of-way and easements required for the Expansion Project and that Buyer may have to acquire additional rights-of-way and easements necessary to complete the Expansion Project. Buyer and Sellers agree that the estimated costs to complete the entire Expansion Project described above, including contingency costs identified by Buyer in the amount of One Million Dollars ($1,000,000), have been included in the calculation of the Purchase Price. Buyer agrees to cause the Company to pay for the costs incurred by the Company to complete the Expansion Project after the Effective Date and to indemnify Sellers from and against all such costs incurred after the Effective Date. The in-service dates and associated commitments with respect to the Expansion Project are set forth on Schedule 2.4.

2.5 GAS IMBALANCES. Sellers shall be responsible for, and shall indemnify the Company and Buyer from and against, any gas imbalances for which the Company has any liability as of the Effective Date.

ARTICLE 3
PURCHASE PRICE

3.1 PURCHASE PRICE. The purchase price for the sale and conveyance of the Partnership Interests to Buyer is Three Hundred Fifty-Nine Million Eight Hundred Thirty-Three Thousand Seven Hundred Dollars ($359,833,700) (the "Purchase Price"), subject to adjustment pursuant to the Final Settlement Statement referred to in Article 10.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 REPRESENTATIONS AND WARRANTIES OF SELLERS. Sellers agree, represent and warrant to Buyer as follows:

(a) Organization and Qualification of the Company. The Company is a general partnership, duly organized, validly existing and in good standing under the laws of the State of Wyoming and has the requisite power to carry on its business as it is now being conducted. The Partnership Agreement referred to in Exhibit E is the Company's partnership agreement, as currently in effect and as will be in effect as of the Closing Date. There are no other similar agreements or other governing documents under which the Company is currently, or at Closing will be, operating or governed.

(b) Authority. Green River is a limited liability company and MOC is a corporation, each duly organized, validly existing and in good standing under the laws of the State of Wyoming and have the power and authority to enter into and perform this Agreement and to carry out the transaction contemplated by this Agreement. The execution and delivery of this Agreement and the consummation by Sellers of the transactions contemplated herein have been duly and validly authorized by all necessary action on the part of Sellers.

(c) Enforceability. This Agreement constitutes a valid and binding agreement of Sellers and is enforceable against Sellers in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

(d) No Conflict or Violation. Neither the execution and delivery of this Agreement nor the consummation of the transaction and performance of the terms and conditions contemplated hereby by Sellers will (i) conflict with or result in a violation or breach of any provision of the certificate of incorporation, bylaws, partnership agreement or other similar governing documents of Sellers or the Company, or any material agreement, indenture or other instrument under which Sellers or the Company are bound or to which the Assets are subject; or (ii) violate or conflict with any law applicable to Sellers or the properties or assets of Sellers or the Company.

(e) Ownership. Sellers has good and marketable title to 100% of the Partnership Interests, free and clear of any liens and encumbrances. There are no agreements or other commitments relating to any rights, options, warrants, right of first refusal, or agreements binding upon the Sellers or the Company for the acquisition of ownership interests in the Company, including the Partnership Interests. As of the date hereof and as of Closing, the Company owns the Assets.

(f) No Subsidiaries. The Company does not own, directly or indirectly, any capital stock or other equity securities of any corporation or have any direct or indirect equity or ownership interest in any other entity.

(g) Related Agreements. The Related Agreements include (as of the date of this Agreement) all of the following contracts and all other agreements to which the Company is a party:

(i) any agreement (or group of related agreements) (A) for the purchase or sale of gas, raw materials, commodities, supplies, products, or other personal property, (B) for the furnishing or receipt of services, or (C) that is a gas exchange agreement, gas gathering agreement, gas transportation agreement, gas balancing agreement, transportation service agreement, tariff, or other related agreement;

(ii) any agreement creating or concerning a partnership, joint venture, or similar entity and any operating agreement, undivided ownership agreement, or similar agreement;

(iii) any agreement (or group of related agreements) (A) under which the Company has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, (B) for any capitalized lease obligation, or (C) under which the Company has imposed a security interest on any of its assets, tangible or intangible;

(iv) any agreement concerning non-competition;

(v) any collective bargaining agreement or other union contract;

(vi) any preferential purchase right, right of first refusal, restriction on assignability, or similar right that would be applicable to or invoked by the consummation of the transaction contemplated by this Agreement or that would otherwise apply to the Assets;

(vii) any lease, in either the capacity of lessee or lessor; and

(viii) any other agreement to which the Company is a party and is material to the Company's Business, financial condition, operations, results of operations, or future prospects.

Sellers have delivered to Buyer a correct and complete copy of each Related Agreement. With respect to each such agreement and except as disclosed on Schedule 4.1(g), to the Sellers' Knowledge: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect,

(B) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby, (C) the Company is not in breach or default, and is not aware of any person claiming there is a breach or default, and no event has occurred of which Sellers are aware that with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under the agreement, (D) no party has repudiated any provision of the agreement, and (E) neither Sellers nor the Company are participating in any attempts to renegotiate any amounts paid or payable to the Company under any of the Related Agreements, have not made a specific, written demand for such renegotiations, and have not received a specific, written demand by another party to the Related Agreements Contracts for such renegotiations.

(h) Compliance With Laws. To Sellers' Knowledge, except as set forth on Schedule 4.1(q), (i) the Company is not in violation of any federal, state, or local law, rule or regulation or any other requirement of any governmental body, court or arbitrator applicable to the operation of the Assets; and (ii) all Permits and approvals of any federal, state or local governmental body that are necessary for operation of the Assets are in full force and effect, and no proceeding is pending or threatened to revoke or limit any Permit.

(i) Litigation and Claims. Except as shown on Schedule 4.1(i) hereto, there are no governmental or other legal actions, judgments, liens or other proceedings, outstanding, pending or, to the knowledge of Sellers, threatened, to which Sellers or the Company are or would be a party and which relate to the Assets.

(j) Consents. Except for actions that have been or will be taken prior to the Closing, including the filings to be made pursuant to Section 7.1 hereof, or those consents from governmental authorities that are customarily obtained after Closing, no consent, approval, registration, qualification, or filing with, any governmental or regulatory authority on the part of Sellers is required in connection with the consummation of the transaction contemplated by this Agreement and there are no consents of any third party that are required in order to consummate such transaction.

(k) Taxes. To Sellers' Knowledge:

(i) all tax returns required to be filed by the Company or with respect to the Partnership Interests have been duly and timely filed with the appropriate governmental entity;

(ii) all Taxes owed by the Company or with respect to the Partnership Interests that are or have become due have been timely paid in full;

(iii) there is no claim pending or, to the knowledge of the Sellers, threatened by any applicable governmental authority in connection with any such Tax;

(iv) none of the Company's tax returns is now under audit or examination by any Governmental Authority;

(v) the Company has been treated for federal tax purposes as a partnership since its inception; and

(vi) the Company has in effect an election to adjust the basis of the Assets under section 754 of the Code.

(l) Employees. Since Sellers have owned the Company, the Company has had no employees and, to Sellers' Knowledge, the Company has no obligations under any Benefits Plan, whether of a legally binding nature or in the nature of informal understandings.

(m) Advisors' and Brokers' Fees. Sellers and the Company have not retained any advisor or broker in respect of the transaction contemplated by this Agreement for which Buyer shall incur any liability.

(n) Information Regarding the Assets. All equipment included in the Assets is in good working condition and has been maintained in an operable state of repair adequate to maintain normal operation of the Assets in a manner consistent with the Company's past practices.

(o) No Foreign Person. Neither Seller is a "foreign person" within the meaning of Section 1445 of the Code.

(p) Authorized Expenditures. Except with respect to the Expansion Project and as set forth on Schedule 4.1(p), there are no outstanding authorizations for capital expenditure respecting the Assets for which Company or Buyer will be liable other than ordinary trade payables and well connections made in the ordinary course of business pursuant to which such expenditures are or may be required to be made.

(q) Environmental Matters. Except as set forth in Schedule 4.1(q), to Sellers' Knowledge:

(i) there are no Assets which are in violation of Environmental Laws;

(ii) the Company has in force and effect all permits and licenses necessary under Environmental Laws, and has operated the Assets in substantial compliance with such permits and licenses;

(iii) no underground storage tanks, in use or abandoned, have been placed on the Property during the Company's ownership of the Property and no underground storage tanks, in use or abandoned, have been placed on the Property prior to the Company's ownership of the Property;

(iv) there are no Hazardous Materials present on or in the environment at the Assets, including hazardous substances contained in barrels, above or underground storage tanks, landfills, equipment or other containers; and

(v) there are no existing or pending actions, suits, investigations, inquiries, proceedings or clean-up obligations by any governmental authority or third party against the Company relating to or arising out of any Environmental Laws with respect to the Assets or the Company's operation of the Assets, to Sellers' Knowledge, none are threatened, and no event has occurred or condition exists which can reasonably be expected to give rise to such an action.

(r) Liens. Except for (i) liens for taxes not yet due and payable or being contested in good faith, (ii) inchoate mechanics, materialmens or similar liens arising in the ordinary course of business or being contested in good faith, and (iii) any customary right reserved to a governmental authority to regulate the affected property, the Assets are free and clear of liens, pledges, encumbrances and adverse claims created by, through or under the Company or Sellers or the Affiliates of any of them, but not otherwise.

(s) Property. Except for matters disclosed by Sellers to Buyer in writing prior to Closing, to Sellers' Knowledge, (i) the Company is not in breach or default, (ii) there is no person claiming there is a breach or default, and (iii) no event has occurred that with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under any agreement or other instruments related to the Property. Exhibit C lists all of the material Property of the Company related to the Facilities.

(t) Financial Statements. Set forth on Schedule 4.1(t) are true and complete copies of the unaudited balance sheet of the Company (the "Balance Sheet") as of December 31, 2000 (the "Balance Sheet Date") and the unaudited statements of income of the Company for the respective seven (7) month period then ended (collectively, with the Balance Sheet, the "Financial Statements"). The Financial Statements fairly present the financial position of the Company as of its respective date and the results of its respective operations for the seven (7) month period, respectively, then ended, in the context of its membership in a consolidated group.

(u) Absence of Certain Changes. Since the Balance Sheet Date:

(i) the Company has not suffered any material loss, damage, destruction, or other casualty to any of its assets (whether or not covered by insurance) which would be reasonably expected to have a Material Adverse Effect;

(ii) the Company has made no capital investment in, any loan to, or any acquisition of the securities or assets of, any third party (or series of related capital investments, loans, and acquisitions); and

(iii) the Company has issued no note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation.

(v) Undisclosed Liabilities. The Company has no liabilities (and there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against the Company giving rise to any liability), except for (i) liabilities set forth on the

face of the Balance Sheet (rather than in any notes thereto), (ii) liabilities which have arisen after the Balance Sheet Date in the ordinary course of business (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law), or (iii) as otherwise disclosed in this Agreement.

(w) Disclosure. The representations and warranties contained in this Section 4.1 do not contain any untrue statement of a material fact or omit to state any material fact that, to Sellers' knowledge, is necessary in order to make the statements and information contained in this Section 4.1 not misleading.

4.2 REPRESENTATIONS AND WARRANTIES OF BUYER.

(a) Organization and Qualification. Buyer is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite power to carry on its business as it is now being conducted.

(b) Authority. Buyer has the power and authority to enter into and perform this Agreement and to carry out the transaction contemplated herein. The execution, delivery and performance of this Agreement and the consummation by the Buyer of the transaction contemplated herein have been duly and validly authorized by all necessary action on the part of Buyer.

(c) Enforceability. This Agreement constitutes a valid and binding agreement of Buyer and is enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

(d) No Conflict or Violation. Neither the execution and delivery of this Agreement nor the consummation of the transaction and performance of the terms and conditions contemplated hereby by Buyer will (i) conflict with or result in a violation or breach of any provision of the certificate of incorporation, bylaws, agreement of limited partnership or other similar governing documents of Buyer or any material agreement, indenture or other instrument under which Buyer is bound, or (ii) violate or conflict with any law applicable to Buyer or the properties or assets of Buyer.

(e) Consents. Except for actions that have been or will be taken prior to the Closing, including the filings to be made pursuant to Section 7.1 hereof, or those that are customarily obtained after Closing, to the knowledge of Buyer, no consent, approval, registration, qualification, or filing with, any governmental or regulatory authority on the part of Buyer is required in connection with the consummation of this transaction. To the knowledge of Buyer, there is no consent of any third party that Buyer will be required to obtain in order to consummate the transaction contemplated by this Agreement except as set forth in Schedule 4.2(e).

(f) Actions. There is no action pending against Buyer or, to the knowledge of Buyer, threatened against Buyer, which would be likely to have a material adverse effect on the ability of Buyer to consummate and perform the transaction contemplated by this Agreement.

(g) Advisors' and Brokers' Fees. Buyer has not retained any advisor or broker in respect of the transaction contemplated by this Agreement for which Sellers are liable or shall incur any liability.

(h) Funds. Buyer has, and all times prior to Closing will have, sufficient funds available to enable Buyer to consummate the transaction contemplated by this Agreement and to pay the Purchase Price and all related fees and expenses of Buyer.

ARTICLE 5
ACCESS TO INFORMATION; ENVIRONMENTAL MATTERS

5.1 ACCESS. Prior to and after the execution of this Agreement, Sellers shall (a) permit Buyer and its representatives access to the Records and employees involved in the Business (i) insofar as Sellers could do so without violating legal constraints or any legal obligation, or waiving any attorney/client work product or like privilege, and (ii) subject to any required consent of any third person (the "Record Review") and (b) permit Buyer and its representatives at reasonable times and at Buyer's sole risk, cost and expense to conduct an inspection of the condition of the Assets ("Inspection").

5.2 ENVIRONMENTAL INSPECTION. Sellers shall provide Buyer with any environmental audits or reports previously prepared by or for Sellers or the Company in Sellers' possession that are related to the Assets and shall disclose the location of any known or suspected environmental conditions promptly after execution of this Agreement. Sellers shall cause the Company to provide Buyer with access to the Assets for the purpose of inspecting the environmental condition of the Assets (the "Environmental Review"). In conducting the Environmental Review, Buyer shall have the right to conduct tests, including subsurface sampling, related to the environmental condition of the Assets so long as the tests do not unreasonably interfere with the operation of the Assets. Buyer shall furnish Sellers with copies of all reports obtained by, or prepared by or for Buyer in connection with the foregoing inspections which shall be kept confidential by both Buyer and Sellers unless disclosure is required by law. Buyer's access to the Assets shall be at Buyer's risk, cost and expense, and Buyer shall release the Company and Sellers from and shall fully protect, indemnify and defend the Company and Sellers and their respective officers, agents, employees and Affiliates and hold them harmless from and against any and all Claims relating to, arising out of Buyer's exercise of its rights under this Section 5.2, including without limitation, claims relating to (a) injury or death of any person or persons whomsoever (b) damage to or loss of any property or resource caused by Buyer and not related to existing environmental conditions (c) common law causes of action of Buyer such as negligence, gross negligence, strict liability, nuisance or trespass, or (d) fault imposed by statute, rule, regulation or otherwise unless caused by the negligence of Sellers.

5.3 ENVIRONMENTAL CONDITIONS.

(a) As soon as reasonably practical, but in no event later than 5:00 p.m., Mountain Time, on September 21, 2001 (the "Examination Period"), Buyer shall notify Sellers, in writing, of any Environmental Condition(s) disclosed as a result of the Environmental Review. Buyer's notice of Environmental Condition(s) shall include a reasonably complete description of each individual environmental condition as to which Buyer takes exception (including those disclosed by Sellers) and the costs which Buyer in good faith attributes to remediating the same.

(b) Buyer shall be responsible for remediation costs attributable to the Environmental Condition(s) of the Assets disclosed by Sellers or identified by Buyer in the Environmental Review that do not exceed in the aggregate one percent (1%) of the Purchase Price. Sellers shall be responsible for any remediation costs associated with such Environmental Conditions to the extent such costs exceed in the aggregate one percent (1%) of the Purchase Price. Notwithstanding the foregoing, either Buyer or Sellers shall have the right to terminate this Agreement if Buyer's good-faith estimate of the potential remediation costs attributable to Environmental Condition(s) exceeds more than three percent (3%) of the Purchase Price. In the event of termination, Buyer shall not be responsible for any Environmental Liabilities with respect to the Assets.

(c) In the event the Parties disagree as to the existence of an Environmental Condition and/or the remediation costs attributable to such Environmental Condition, the Parties shall submit the dispute to final and binding arbitration in accordance with Section 16.8 hereof.

5.4 WAIVER AND RELEASE. All Environmental Conditions not raised by Buyer prior to Closing shall be waived by Buyer for all purposes, and Buyer shall have no right to seek an adjustment to the Purchase Price, make a claim against Sellers or seek indemnification from Sellers associated with the same except with respect to any breach of Section 4.1(q) or Environmental Liabilities constituting part of the Retained Liabilities under Section 2.3(a).

5.5 CONFIDENTIAL INFORMATION. Buyer agrees to maintain all information made available or revealed to it pursuant to the Record Review, Inspection and Environmental Review, confidential and to cause its officers, employees, representatives, consultants and advisors to maintain all information made available to them pursuant to this Agreement confidential in accordance with the terms of the confidentiality agreement by and between Affiliates of Sellers and Buyer (the "Confidentiality Agreement"). Buyer's obligations under the Confidentiality Agreement shall terminate as of the Closing Date. On and after the Closing Date, Sellers shall maintain all information related to the Company and the Assets confidential except for financial statement or public reporting purposes or for filings with governmental authorities and shall not use such information in a manner detrimental to Buyer or disclose to any third party without the prior written consent of Buyer.

ARTICLE 6
TITLE

6.1 TITLE WARRANTY. Sellers represent and warrant that the Company has good and marketable title to the Facilities and Related Facilities from and against all persons claiming by through or under the Company, Sellers or their Affiliates, but not otherwise.

6.2 BUYER'S TITLE REVIEW.

(a) Buyer's Assertion of Title Defects. Prior to the termination of the Examination Period, Buyer shall have the right to furnish Sellers written notice meeting the requirements of this Section 6.2(a) (the "Title Defects Notice") setting forth any matters which, in Buyer's reasonable opinion, constitute Title Defects. For all purposes of this Agreement, Buyer shall be deemed to have waived any Title Defect which Buyer fails to assert by a Title Defect Notice given to Sellers on or before the expiration of the Examination Period. To be effective, Buyer's Title Defect Notice of a Title Defect must include (i) a brief description of the matter constituting the asserted Title Defect, (ii) the estimated cost or other remedial action required to cure such Title Defect, and (iii) supporting documents reasonably necessary for Sellers (as well as any title attorney or examiner hired by Sellers) to verify the existence of such asserted Title Defect.

(b) Sellers' Obligations. If Buyer furnishes to Sellers timely Title Defect Notice(s), subject to Sellers' continuing right to dispute the existence of a Title Defect(s) referred to in such Title Defect Notice pursuant to Section 6.3, Sellers shall (i) assume the obligation to cure such Title Defects in a timely manner following Closing but in no event later than one year from the Closing Date, or (ii) pay Buyer an agreed upon Purchase Price adjustment to cure such Title Defect. If Sellers elect to cure a Title Defect, but have not cured such Title Defect within one (1) year of Closing, Buyer shall have the right to cure the Title Defect at Sellers' cost and expense. Sellers shall indemnify Buyer from and against any Losses incurred by the Company with respect any Title Defects remaining uncured after Closing.

6.3 TITLE DEFECT DISPUTES. In the event that Buyer and Sellers have not agreed upon the existence of one or more Title Defects, the Parties shall submit the dispute to final and binding arbitration in accordance with Section 16.8 hereof. In no event shall the existence of a Title Defect or a dispute concerning such existence postpone Closing.

ARTICLE 7
COVENANTS OF SELLER AND BUYER

7.1 HART-SCOTT-RODINO ACT. Immediately following the execution of this Agreement, the Parties will file any notification and report forms and related material that it may be required to file with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice under the Hart-Scott-Rodino Act, will join in a request for early termination under the Hart-Scott-Rodino Act, will use their best efforts to obtain such early termination, and will make any further filings pursuant thereto that may be necessary in connection therewith. Each Party will furnish the other Party(s) with copies of any of its filings

under the Hart-Scott-Rodino Act at the time such filings are made. Buyer shall pay the filing fee and all other fees required to be paid in connection with any such filings.

7.2 CONDUCT OF BUSINESS PENDING CLOSING. Subject to the provisions of the Related Agreements, from the date hereof through the Closing, except as consented to or approved by Buyer, Sellers covenant and agree that:

(a) Changes in Business Related to the Assets. Subject to continuing to implement the Expansion Project as described on Schedule 2.4, Sellers shall use their best efforts to ensure that the Company does not without prior written consent of Buyer:

(i) make any material change in the conduct of its business or operations related to the Assets;

(ii) enter into, modify, assign, terminate or amend, in any material respect, any of the Related Agreements; or

(iii) sell, lease or otherwise dispose of any of the Assets, except (A) Assets sold, leased or otherwise disposed of in the ordinary course of business and having a value of less than $25,000, and (B) the Questar settlement for the remaining portion of the Jonah Gas Gathering System, not included in the Assets.

(b) Operation of Assets. Subject to continuing to implement the Expansion Project as described on Schedule 2.4, Sellers shall use their best efforts to require the Company to:

(i) cause the Assets to be maintained and operated in the ordinary course of business in accordance with Seller's past practices (including the repair or replacement of damaged, destroyed, obsolete, depreciated, non-working or non-economical items of equipment or other personal property), maintain insurance now in force with respect to the Assets and pay or cause to be paid all costs and expenses in connection therewith promptly when due;

(ii) cause the Assets to be maintained and operated in compliance with all applicable laws;

(iii) use reasonable diligence to maintain its relationships with suppliers, customers and others having material business relations with the Seller with respect to the Assets so that they will be preserved for Buyer on and after the Closing Date; and

(iv) avoid any act, which shall have or cause a Material Adverse Effect.

7.3 GAS GATHERING AGREEMENTS; GAS PURCHASE AGREEMENTS. That certain Gas Gathering Agreement dated April 1, 1996 between the Company and MOC, as amended (the "MOC Gas Gathering Agreement"), is included in the Related Agreements. Buyer covenants and agrees that following Closing, it will cause the Company to comply with the terms and conditions of such MOC Gas Gathering Agreement, as so amended, and with the terms and conditions of the other Related Agreements. The Parties agree that there also are included in the Related Agreements separate gas gathering agreements between the Company and Forrest Oil

Corp., McMurry Energy Company, Yates Petroleum Corp., and HS Resources, Inc., and that separate gas purchase agreements between MOC and the aforementioned companies and STC Oil Co. are not held by the Company and are not included in the Related Agreements. MOC or its Affiliates may continue to purchase gas under such gas purchase agreements and such gas will be gathered by Buyer pursuant to the MOC Gas Gathering Agreement.

7.4 EMPLOYEES. Buyer or its Affiliates shall be permitted to review non-confidential employment records of those employees of the Company's Affiliates identified in Schedule 7.4, and discuss with such employees the terms and conditions under which Buyer will offer to hire such employees (a "Transferred Employee"). Buyer will offer all Transferred Employees a salary equivalent to their current salary as set forth on Schedule 7.4 and, for those Transferred Employees who accept Buyer's offer, Buyer will provide such Transferred Employees with the following:

(a) Buyer will pay such Transferred Employee the equivalent of twelve (12) months salary as severance pay if such Transferred Employee is terminated without cause prior to the first anniversary of the Closing Date; provided, however, that the amount of severance pay shall be reduced by the payments made by Buyer or its Affiliates to such Transferred Employee from Closing until his or her termination date, but in no case shall the terminated Transferred Employee receive less than three (3) months severance pay.

(b) Buyer agrees that each Transferred Employee shall be eligible to participate in Buyer's or its Affiliates' benefit arrangements to the same extent as other similarly situated employees of Buyer or such Affiliates including, without limitation, (i) the right to participate in any employee benefit plans (as that term is defined in Section 3(3) of ERISA), (ii) the right to participate in group health insurance without any waiting period and without exclusion or limitation based on pre-existing conditions and with full credit for then-accumulated deductible and out-of-pocket expenses, and (iii) preservation (including proper notice) of all benefits under COBRA. Buyer will give all such Transferred Employees full credit, for purposes of eligibility and vesting, for such Transferred Employees' service with Sellers or Sellers' Affiliates.

(c) Buyer shall also pay Transferred Employees a retention bonus funded by Sellers of no more than three (3) months salary for those Transferred Employees who remain employed by Buyer for at least three (3) months following Closing.

7.5 PUBLIC ANNOUNCEMENTS. No Party will issue any press release or otherwise make any public statements with respect to this Agreement and the transaction contemplated hereby without the prior consent of the other Party, which consent shall not be unreasonably withheld. If a Party is required by law to make any such disclosure, it must first provide to the other Party(s) the content of the proposed disclosure, the reasons that such disclosure is required by law and the time and place that the disclosure will be made and afford such other Party a reasonable opportunity to comment upon and request changes in the disclosure. Notwithstanding the foregoing, Sellers or Sellers' Affiliates or Buyer or Buyer's Affiliates shall be permitted in the context of public financing or otherwise to disclose the details of and information regarding the transaction contemplated by this Agreement to Canadian and U.S. securities regulators, stock exchanges, its advisors (including, but not limited to, underwriters and their counsel), lenders,

potential investors or the investing public, whether by way of prospectus, information memorandum, filing with securities regulatory authorities or otherwise.

7.6 ACTIONS BY PARTIES. The Parties agree to use reasonable diligence to satisfy the conditions to Closing set forth in Article 8 and to refrain from taking any action within their control which would cause a breach by such Party of a representation or warranty set forth herein; provided, however, that Sellers shall not be required to expend any funds or incur any costs to prevent or cure a breach of the representations and warranties set forth in Section 4.1.

7.7 FURTHER ASSURANCES. Sellers and Buyer agree that, from time to time after the Closing Date, they will execute and deliver such further instruments, and take or cause to take, such other action, as may be necessary to carry out the purposes and intents of this Agreement or as a Party may reasonably request in accordance with the terms of this Agreement. The Parties agree to cooperate in the preparation and filing of any post-Closing tax returns.

7.8 RECORDS. Buyer agrees to maintain the Records until the fourth anniversary of the Closing Date (or for such longer period of time as Sellers shall advise Buyer is necessary in order to have Records available with respect to open years for tax audit purposes), or, if any of the Records pertain to any claim or dispute pending on the fourth anniversary of the Closing Date, which claim Sellers have advised Buyer of in writing, Buyer shall maintain any of the Records designated by Sellers until such claim or dispute is finally resolved and the time for all appeals has been exhausted. Buyer shall provide Sellers and its representatives reasonable access at reasonable times to and the right to copy all or any portion of the Records.

7.9 NO SHOP. Sellers represent that they have neither entered into nor executed any instrument with any other person, which would constitute a currently binding purchase and sale agreement or right to match relating to the sale of the Company or the Assets, or any part thereof. Sellers agree promptly to (a) suspend negotiations with any third parties until this Agreement is terminated or, if the sale contemplated by this Agreement is culminated, terminate any and all negotiations and discussions in which Sellers may be currently involved with any other persons with regard to the sale or disposition, either directly or indirectly, of all or any part of the Company, and (b) neither solicit nor evaluate additional bids nor discuss with or provide information to third persons with respect to the purchase by or sale to any other person of all or any part of the Company, either directly or indirectly, until such time, if any, as this Agreement terminates without closing of the transactions contemplated by this Agreement.

7.10 CASUALTY LOSS. If, prior to the Closing, all or any material portion of the Assets are destroyed by fire or other casualty, are taken in condemnation or under the right of eminent domain or proceedings for such purposes are pending or threatened, Buyer shall purchase the Company notwithstanding any such destruction, taking or pending or threatened taking and the Purchase Price shall not be adjusted provided such casualty loss or condemnation does not have a Material Adverse Effect. In that case, Sellers shall, at the Closing, pay to Buyer all sums paid to Sellers by third parties by reason of the destruction or taking of such Assets to be assigned to Sellers, and shall assign, transfer and set over unto Buyer all of the right, title and interest of Sellers in and to any unpaid awards or other payments from third parties arising out of the destruction, taking or pending or threatened taking as to such Assets to be conveyed to Buyer. Sellers shall not voluntarily compromise, settle or adjust any material amounts payable by reason

of any material destruction, taking or pending or threatened taking as to the Assets to be conveyed to Buyer without first obtaining the written consent of Buyer. If the casualty loss has a Material Adverse Effect, the Parties shall agree on an equitable adjustment to the Purchase Price, which if not agreed upon by the Parties, shall be determined by arbitration.

7.11 RADIO FREQUENCIES. The Parties will, during the transition period from the date hereof through Closing, seek to find a solution to share existing radio frequencies. To the extent frequencies cannot be shared, the Parties will seek an equitable solution to obtain additional licenses and/or split the frequencies to accommodate their respective needs.

7.12 FISHER ROC RTUS. Within sixty (60) days after Closing Sellers will pay Buyer $250,000 for related metering facilities. During the transition period, the Parties will seek a solution to utilize existing Fisher ROC RTUs jointly. If Buyer is not satisfied with joint use of Fisher ROC RTUs at any time during the transition period, Buyer can install total flow meters at Buyer's sole cost and expense and ownership of the Fisher ROC RTUs shall revert to Seller.

7.13 TRANSITION SERVICES AGREEMENT. Prior to Closing, the Parties agree to enter into a mutually agreeable transition service agreement, including, but not limited to, IT, accounting and gas control services.

ARTICLE 8
CLOSING CONDITIONS

8.1 SELLERS' CLOSING CONDITIONS. The obligation of Sellers to proceed with the Closing contemplated hereby is subject, at the option of Sellers, to the satisfaction on or prior to the Closing Date of all of the following conditions:

(a) Representations, Warranties and Covenants. The (i) representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, and (ii) covenants and agreements of Buyer to be performed on or before the Closing Date in accordance with this Agreement shall have been duly performed in all material respects.

(b) Hart-Scott-Rodino Act. All applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated.

(c) Buyer's Officer's Certificate. Sellers shall have received a certificate dated as of the Closing Date, executed by a duly authorized officer of Buyer, to the effect that to such officer's knowledge the conditions set forth in this subsection (a) of Section 8.1 have been satisfied.

(d) No Action. On the Closing Date, no suit, action or other proceeding (excluding any such matter initiated by a Seller) shall be pending or threatened before any court or governmental agency or body of competent jurisdiction seeking to enjoin or restrain the consummation of the Closing or recover damages from Seller resulting therefrom.

8.2 BUYER'S CLOSING CONDITIONS. The obligations of Buyer to proceed with the Closing contemplated hereby is subject, at the option of Buyer, to the satisfaction on or prior to the Closing Date of all of the following conditions:

(a) Representations, Warranties and Covenants. (i) The representations and warranties of Sellers contained in this Agreement shall be true and correct in all material respects as of the Closing Date as though made as of the Closing Date; and (ii) the covenants and agreements of Sellers to be performed on or before the Closing Date in accordance with this Agreement shall have been duly performed in all material respects.

(b) Hart-Scott-Rodino Act. All applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated.

(c) Sellers' Certificates. Buyer shall have received certificates dated as of the Closing Date, executed by a duly authorized officer or manager of each Seller to the effect that to such officer's or manager's knowledge, the conditions set forth in subsection (a) of this Section 8.2 have been satisfied.

(d) No Action. On the Closing Date, no suit, action or other proceeding (excluding any such matter initiated by Buyer) shall be pending or threatened before any court or governmental agency or body of competent jurisdiction seeking to enjoin or restrain the consummation of the Closing or recover damages from Buyer or resulting therefrom.

ARTICLE 9
CLOSING

9.1 CLOSING. The Closing shall be held on the Closing Date at 10:00 a.m., Mountain Time, at the offices of Sellers, Denver, Colorado, or at such other time or place as Sellers and Buyer may otherwise agree in writing.

9.2 SELLERS' CLOSING OBLIGATIONS. At Closing, Sellers shall execute and deliver, or cause to be executed and delivered, to Buyer the following:

(a) an Assignment of the Partnership Interests in mutually agreeable form;

(b) the Sellers' certificates referred to in Section 8.2(c); and

(c) non-foreign affidavits, as such affidavit is referred to in Section 1445(b)(2) of the Code, dated as of the Closing Date.

9.3 BUYER'S CLOSING OBLIGATIONS. At Closing, Buyer shall execute and deliver, or cause to be executed and delivered, to Sellers the following:

(a) an amount equal to the Purchase Price, as adjusted, to Sellers in immediately available funds to Sellers' designated bank account; and

(b) the officer's certificate of Buyer referred to in Section 8.1(c).

ARTICLE 10
POST-CLOSING MATTERS

10.1 FINAL SETTLEMENT STATEMENT. At Closing, Sellers and Buyer shall agree upon an interim Statement of Adjustments setting out, to the extent reasonably practicable, based on information reasonably available, the adjustments to the Purchase Price pursuant to this Article 10. The net amount of the interim Statement of Adjustments will be added to or deducted from the amount payable under Section 3.1 by Buyer to Sellers at Closing (the "Closing Purchase Price"). As soon as practicable after Closing, but in no event later than sixty (60) days after Closing, Sellers shall prepare and deliver to Buyer, in accordance with this Agreement and generally accepted accounting principles, a statement ("Final Settlement Statement") setting forth each adjustment to the Closing Purchase Price determined as of the Effective Date and showing the calculation of such adjustments. Within thirty (30) days after receipt of the Final Settlement Statement, Buyer shall have the right to audit such Final Settlement Statement, will have access to Sellers' books and will deliver to Sellers a written report containing any changes that Buyer proposes be made in good faith to resolve any questions with respect to the amounts due pursuant to such Final Settlement Statement and to establish the final Purchase Price (the "Final Purchase Price") no later than one hundred twenty (120) days after Closing. Within five (5) days after the Final Purchase Price has been agreed upon by the Parties, the difference between the Closing Purchase Price and the Final Purchase Price shall be (i) paid by Buyer to Sellers, if the Final Purchase Price is greater than the Closing Purchase Price or (ii) paid by Sellers to Buyer, if the Closing Purchase Price paid is greater than the Final Purchase Price, in each case in immediately available funds with interest calculated from the Effective Date through the date of payment at the prime rate in effect as of the Closing Date as published in the Wall Street Journal. If the Parties cannot agree on the Final Settlement Statement, the dispute shall be resolved pursuant to arbitration in accordance with Section 16.8.

10.2 ADJUSTMENTS. Adjustments to the Purchase Price shall be made and the Final Purchase Price shall be established as follows:

(a) Upward Adjustments. The Purchase Price shall be adjusted upward by the following:

(i) The amount of all direct expenses, costs, taxes and charges paid by Sellers or the Company (exclusive of general and administrative expense) that are attributable to the ownership and operation of the Assets on or after the Effective Date, including but not limited to (A) the operation and maintenance of the Assets after the Effective Date, (B) capital expenditures accrued after the Effective Date that are directly attributable to the Assets, (C) any amounts paid for the acquisition, extension or renewal of any Asset after the Effective Date, (D) any amounts paid for the acquisition of any asset included

within the Assets and approved in writing by Buyer, (E) the aggregate amount of all other expenditures made by Sellers or the Company prior to the Effective Date for costs and expenses directly attributable to the Assets after the Effective Date, and (F) amounts relating to obligations accruing under the Related Agreements after the Effective Date;

(ii) the amount of all income, revenues and proceeds received by Buyer that are attributable to the ownership and operation of the Assets prior to the Effective Date;

(iii) Expansion Project costs credited to Sellers, if any, pursuant to Section 2.4; and

(iv) any other amount agreed upon by Sellers and Buyer.

(b) Downward Adjustments. The Purchase Price shall be adjusted downward by the following:

(i) The amount of all income, revenues and proceeds received by Sellers that are attributable to the ownership and operation of the Assets after the Effective Date;

(ii) Expansion Project costs credited to Buyer, if any, pursuant to Section 2.4;

(iii) Ad valorem or other similar taxes to be paid by the Company after Closing pursuant to Section 12.1(a);

(iv) the amount of $120,000 provided that Closing occurs on September 28, 2001 only; and

(v) Any other amount agreed upon by Sellers and Buyer.

ARTICLE 11
LIMITATIONS

11.1 DISCLAIMER OF WARRANTIES. Notwithstanding anything contained to the contrary in any other provision of this Agreement, it is the explicit intent of each Party hereto that Sellers are not making any representation or warranty whatsoever, express, implied, statutory or otherwise, except for those representations or warranties expressly given in this Agreement, and it is understood that, subject to such express representations and warranties, Buyer takes the Company and the Assets "as is" and "where is". Without limiting the generality of the immediately preceding sentence but subject to the representations or warranties expressly given in this Agreement, Sellers hereby (i) expressly disclaim and negate any representation or warranty, express or implied, at common law, by statute or otherwise, relating to the condition of the Assets (including, without limitation, any implied or express warranty of merchantability or fitness for a particular purpose, or of conformity to models or samples of material, or any infringement by Sellers of any patent or proprietary right of any third party, and (ii) negates any rights of Buyer under statutes to claim diminution of consideration, it being the intention of

Sellers and Buyer that the Assets are to be accepted by Buyer in their present condition and state of repair.

11.2 DAMAGES. Notwithstanding anything contained to the contrary in any other provision of this Agreement, Sellers and Buyer agree that the recovery of any damages suffered or incurred as a result of any breach by any Party of any of its representations, warranties or obligations under this Agreement shall be limited to the actual damages suffered or incurred (which shall include any indirect, consequential, special, exemplary or punitive damages awarded against, or paid to any third party by, the indemnified Party) as a result of the breach by the breaching Party of its representations, warranties or obligations hereunder and in no event shall the breaching Party be liable to the non-breaching Party for any indirect, consequential, special, exemplary or punitive damages (including, without limitation, any damages on account of lost profits or opportunities or lost or delayed production) suffered or incurred by the non-breaching Party as a result of the breach by the breaching Party of any of its representations, warranties or obligations hereunder.

ARTICLE 12
TAXES

12.1 TAXES.

(a) Apportionment of Tax Liability. For the calendar year in which Closing occurs, all ad valorem or similar Taxes accrued but not yet due and payable in respect of the Assets shall be prorated between Sellers and Buyer as of the Effective Date. Such taxes shall be prorated as though payable in twelve equal monthly installments. Based on the best current information available as of the Closing Date, which shall not be less than the assessment for the prior year, the proration shall be made between the Parties as an adjustment to the Purchase Price pursuant to Section 3.1(a) and shall be deemed a final settlement of such Taxes between the parties. Accordingly, after Closing, Buyer expressly assumes all obligations and liabilities for all ad valorum or similar Taxes payable by the Company in the year of Closing with respect to the Assets.

(b) Tax Proceedings. In the event Buyer receives notice of any examination, claim, adjustment or other proceeding relating to the liability for Taxes of or with respect to the Assets for any period prior to the Effective Date other than obligations and liabilities for Taxes assumed by Buyer in this Section 12.1 (a), Buyer shall notify Sellers in writing as soon as possible but in no event later than thirty (30) days of receiving notice thereof. As to any such Taxes for which Sellers are or may be liable, Sellers shall at Sellers' expense control or settle the contest of such examination, claim, adjustment or other proceeding. The Parties shall cooperate with each other and with their respective Affiliates in the negotiations and settlement of any proceeding described in this Section 12.1.

(c) Sales Taxes. Buyer shall be liable for all sales taxes, if any, attributable to the sale of Partnership Interests.

ARTICLE 13
INDEMNITY

13.1 OBLIGATION OF PARTIES TO INDEMNIFY.

(a) Effective as of the Closing, Sellers hereby indemnify, defend and hold harmless Buyer, its Affiliates and their respective directors, officers, employees and agents (the "Buyer Indemnified Parties") from and against any and all Losses arising out of or resulting from any of the following:

(i) the Retained Liabilities; and

(ii) the breach by Sellers of any representation, warranty, agreement or covenant of Sellers hereunder.

(b) Buyer, effective as of the Closing, hereby indemnifies, defends and holds harmless Sellers, their affiliates and their respective directors, officers, employees, agents and successors and assigns (the "Seller Indemnified Parties"), from and against any and all Losses arising out of or resulting from any of the following:

(i) the Assumed Liabilities; and

(ii) the breach by Buyer of any representation, warranty, agreement or covenant of Buyer hereunder.

13.2 INDEMNIFICATION PROCEDURES - THIRD PARTY CLAIMS.

(a) If any Party (the "Indemnified Party") receives written notice of the commencement of any action or proceeding or the assertion of any claim by a third party or the imposition of any penalty or assessment for which indemnity may be sought under this Article 13 (a "Third Party Claim"), and such Indemnified Party intends to seek indemnity pursuant to this Article 13, the Indemnified Party shall promptly provide the other party (the "Indemnifying Party") with notice of such Third Party Claim. The Indemnifying Party shall be entitled to participate in or, at its option, assume the defense, appeal or settlement of such Third Party Claim. Such defense or settlement shall be conducted through counsel selected by the Indemnifying Party and approved by the Indemnified Party, which approval shall not be unreasonably withheld or delayed, and the Indemnified Party shall fully cooperate with the Indemnifying Party in connection therewith. In the event that the Indemnifying Party fails to assume the defense or settlement of any Third Party Claim within ten (10) business days after receipt of notice thereof from the Indemnified Party, the Indemnified Party shall have the right to undertake the defense, appeal or settlement of such Third Party Claim at the expense and for the account of the Indemnifying Party.

(b) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such Third Party Claim (provided, however, that the Indemnifying Parties shall pay the attorneys' fees of the Indemnified Party if the employment of separate counsel shall have

been authorized in writing by any such Indemnifying Party in connection with the defense of such Third Party Claim, the Indemnifying Parties shall not have employed counsel reasonably satisfactory to the Indemnified Party to have charge of such Third Party Claim, the Indemnified Party shall have reasonably concluded that there may be defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, or the Indemnified Party's counsel shall have advised the Indemnified Party in writing, with a copy delivered to the Indemnifying Party, that there is a conflict of interest that could make it inappropriate under applicable standards of professional conduct to have common counsel).

(c) The Indemnifying Party shall obtain the prior written approval of the Indemnified Party (which approval shall not be unreasonably withheld) before entering into or making any settlement, compromise, admission, or acknowledgment of the validity of any Third Party Claim or any liability in respect thereof if, pursuant to or as a result of such settlement, compromise, admission, or acknowledgment, injunctive or other equitable relief would be imposed against the Indemnified Party or if, in the opinion of the Indemnified Party, such settlement, compromise, admission, or acknowledgment could have an adverse effect on its business, operations, assets, or financial condition.

(d) No Indemnifying Party shall consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect of such Third Party Claim.

(e) Notwithstanding Section 13.2(a), the Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgment of any Third Party Claim as to which the Indemnifying Party fails to assume the defense within ten (10) business days after receipt of notice thereof from the Indemnified Party or to the extent the Third Party Claim seeks an order, injunction, or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; provided, however, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgment that would give rise to liability on the part of any Indemnifying Party without the prior written consent of such Indemnifying Party.

13.3 DIRECT CLAIMS. In any case in which an Indemnified Party seeks indemnification hereunder which is not subject to Section 13.2 because no Third Party Claim is involved, the Indemnified Party shall notify the Indemnifying Party in writing of any Losses which such Indemnified Party claims are subject to indemnification under the terms hereof. Subject to the limitations otherwise set forth in this Section 13, the failure of the Indemnified Party to exercise promptness in such notification shall not amount to a waiver of such claim unless and to the extent the resulting delay materially prejudices the position of the Indemnifying Party with respect to such claim.

13.4 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties made by Sellers pursuant to this Agreement or any certificate or other document

delivered by Sellers at the Closing shall survive the Closing for a period of one (1) year following the Closing Date except with respect to Sections 4.1(e) and 6.1, which shall survive indefinitely. Representations and warranties of Sellers under this Agreement shall be of no further force or effect after the expiration date specified above; provided, however, that there shall be no such termination of any representation and warranty with respect to a bona fide claim asserted with respect thereto in writing by Buyer with reasonable specificity prior to such date in accordance with this Section 13. All representations, warranties, covenants, and indemnities of Buyer shall survive indefinitely. All covenants and indemnities of Sellers shall survive indefinitely.

ARTICLE 14
RELEASE

14.1 ASBESTOS AND NORM. Buyer acknowledges that the Assets may currently or have in the past contained asbestos or naturally occurring radioactive materials ("NORM") and that special procedures may be required for the assessment, remediation, removal, transportation or disposal of such asbestos and NORM. Buyer agrees to accept full responsibility, and indemnify Sellers from and against, any costs and expenses associated with the assessment, remediation, removal, transportation and disposal of the asbestos or NORM associated with the Assets.

ARTICLE 15
TERMINATION; REMEDIES; LIMITATIONS

15.1 TERMINATION.

(a) Termination of Agreement. This Agreement and the transactions contemplated hereby may be terminated at any time at or prior to the Closing:

(i) by mutual written consent of Sellers and Buyer;

(ii) by Sellers if any condition specified in Section 8.1 has not been satisfied on or before Closing and shall not have been waived by Sellers;

(iii) by Buyer if any condition specified in Section 8.2 has not been satisfied on or before Closing and shall not have been waived by Buyer; or

(iv) by Sellers or Buyer if Closing has not occurred on or before October 31, 2001.

(b) Effect of Termination. In the event of termination of this Agreement by Sellers, on the one hand, or Buyer, on the other hand, pursuant to Section 15.1(a), written notice thereof shall forthwith be given by the terminating Party or Parties to the other Party or Parties hereto, and this Agreement shall thereupon terminate; provided, however, that following such

termination Buyer will continue to be bound by its obligations set forth in Section 5.2. If this Agreement is terminated as provided herein, all filings, applications and other submissions made to any governmental authority shall, to the extent practicable, be withdrawn from the governmental authority to which they were made.

15.2 REMEDIES.

(a) Sellers' Remedies. Notwithstanding anything herein provided to the contrary, upon the failure by Buyer to satisfy the conditions to Closing or the Closing obligations, as the case may be, on account of breaches of any of the representations and warranties made by Buyer in this Agreement, or the failure by Buyer to comply with the covenants or other obligations of Buyer set forth herein, Sellers may seek to enforce their legal remedies for Buyer's breach or default hereunder, including, but not limited, specific performance of this Agreement.

(b) Buyer's Remedies. Notwithstanding anything herein provided to the contrary, upon failure of the Sellers to satisfy the conditions to Closing or the Closing obligations, as the case may be, on account of breaches of any of the representations and warranties made by Sellers in this Agreement, or the failure by Sellers to comply with the covenants or other obligations of Sellers set forth herein, Buyer may seek to enforce its legal remedies for Seller's breach or default hereunder, including, but not limited to, specific performance of this Agreement.

ARTICLE 16
MISCELLANEOUS

16.1 COUNTERPARTS. This Agreement and any document or other instrument delivered hereunder may be executed in counterparts, each of which shall be deemed an original instrument, but which together shall constitute but one and the same instrument. Any counterpart of this Agreement or any document or other instrument delivered hereunder may be delivered by facsimile, which shall be deemed an original. However, the Parties agree that they will provide original copies of the Agreement to the other Parties as soon as reasonably practicable.

16.2 GOVERNING LAW; JURISDICTION; PROCESS.

(a) This Agreement and the transaction contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Wyoming without giving effect to principles thereof relating to conflicts of law rules that would direct the application of the laws of another jurisdiction.

(b) Subject to the arbitration agreement set forth in Section 16.8, Buyer and Sellers consent to personal jurisdiction in any legal action, suit or proceeding with respect to this agreement in the Federal District Court in Denver, Colorado, and with respect to any such claim, Buyer and Sellers irrevocably waive, to the fullest extent permitted by law, any claim, or any objection that Buyer or Sellers may now or hereafter have, that venue or jurisdiction is not proper with respect to any such legal action, suit or proceeding brought in such court in the City

and County of Denver, Colorado, including any claim that such legal action, suit or proceeding brought in such court has been brought in an inconvenient forum and any claim that Buyer or Sellers are not subject to personal jurisdiction or service of process in such City and County of Denver, Colorado, forum.

16.3 ENTIRE AGREEMENT. This Agreement and the Exhibits and Schedules hereto and the Confidentiality Agreement contain the entire agreement between the Parties or their Affiliates with respect to the subject matter hereof and there are no agreements, understandings, representations or warranties between the Parties concerning such subject matter other than those set forth or referred to herein.

16.4 EXPENSES. Buyer shall be responsible for all recording, filing or registration fees for any assignment or conveyance delivered to Buyer under or pursuant to this Agreement. All other costs and expenses incurred by each Party hereto in connection with all things required to be done by it hereunder, including attorneys' fees, accountant fees and the expense of environmental and title examination, shall be borne by the Party incurring same.

16.5 NOTICES. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, by United States mail, telecopy, telefax or other electronic transmission service to the appropriate address or number as set forth below.

To Sellers:

Green River Pipeline, LLC
McMurry Oil Company
950 17th Street, Suite 2600
Denver, Colorado 80202
Attention: Roger J. Biemans
Telephone: (303) 389-5001
Facsimile: (303) 623-2400

Copy to:

Green River Pipeline, LLC
McMurry Oil Company
950 17th Street, Suite 2600
Denver, Colorado 80202
Attention: Mary V. Laitos, Esq.
Telephone: (303) 389-5020
Facsimile: (303) 623-2400

To Buyer:

Teppco Partners, L.P.
PO Box 2521
Houston, Texas 77252
Attention: Barry R. Pearl
Telephone: (713) 759-3636
Facsimile: (713) 759-3957

Copy to:

Duke Energy Field Services, LP
370 17th Street, Suite 900
Denver, Colorado 80202
Attention: M.J. Bradley
Telephone: (303) 605-1624
Facsimile: (303) 605-1605

Or at such other address and to the attention of such other person as a Party may designate by written notice to the other Party.

16.6 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may be assigned by any Party hereto in whole or in part to an Affiliate upon written notice to the other Party(s), provided, however, that such assignment shall not release the assigning Party of its obligations hereunder. No other assignment shall be permitted by either Party except with the prior written consent of the other Party. Any prohibited assignment shall be void and have no force or effect.

16.7 AMENDMENTS AND WAIVERS. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the Parties. Any Party may, only by an instrument in writing, waive compliance by another Party with any term or provision of this Agreement on the part of such other Party to be performed or complied with. The waiver by a Party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

16.8 ARBITRATION. Any dispute, controversy, or claim (a "Dispute") arising out of or in connection with this Agreement shall be referred to and determined by binding arbitration, as the sole and exclusive remedy of the Parties as to the Dispute, conducted in accordance with the American Arbitration Association ("AAA") arbitration rules for commercial disputes (the "Rules"), which are deemed to be incorporated by reference, except that in the event of any conflict between those Rules and the arbitration provisions set forth below, the provisions set forth below shall govern and control. The arbitral tribunal (the "Tribunal") shall apply the law referred to in Section 16.2 in resolving the Dispute. The Tribunal shall be composed of three (3) arbitrators, with Buyer and Sellers each appointing one arbitrator, and the two (2) arbitrators so appointed appointing the third arbitrator who shall act as Chairman of the Tribunal. Should any arbitrator fail to be appointed as aforesaid, then such arbitrator shall be appointed by the AAA in

accordance with the Rules. The arbitration shall be held in Denver, Colorado, and the proceedings shall be conducted and concluded as soon as reasonably practicable, based upon the schedule established by the Tribunal, but in any event the decision of the Tribunal shall be rendered within ninety (90) days following the selection of the Chairman of the Tribunal. The decision of the Tribunal shall be final and binding upon the Parties. Judgment upon the award rendered by the Tribunal may be entered in, and enforced by, any court of competent jurisdiction. If the arbitration involves the Final Settlement Statement, the Parties shall each bear their own expenses including attorneys' fees and share the fees of the Chairman of the Tribunal. If the arbitration concerns any other disputes then the prevailing Party(s) shall be awarded its expenses, including attorneys' fees.

16.9 PREFERENTIAL RIGHTS. The Parties do not believe there exist any preferential rights to purchase with respect to the sale of the Company. However, if before Closing it is determined that a valid preferential right, right of first refusal, or similar right exists and such right is exercised, the Sellers will sell the Company to the holder of such right and Sellers shall pay Buyer all reasonable costs incurred by Buyer and its Affiliates in connection with this Agreement and the transaction contemplated hereby. If, following Closing, it is determined that such a right exists and such right is exercised and Buyer sells the Company to a holder or holders of such a right, Sellers will pay Buyer (A) all costs incurred by Buyer and its Affiliates in connection with this Agreement and the transaction contemplated hereby and (B) forty percent (40%) of all capital expenditures in excess of the Expansion Project incurred by Buyer, its Affiliates or Company in connection with the Assets that are not recovered in such sale of the Company or other resolution of the dispute, but subject to a maximum amount of $10,000,000.

16.10 SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

16.11 TIME OF ESSENCE. Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a business day, then the date for giving such notice or taking such action shall be the next day, which is a business day.

IN WITNESS WHEREOF, this Agreement has been signed by or on behalf of each of the Parties as of the day first above written.

SELLERS:

GREEN RIVER PIPELINE, LLC

By: /s/ Roger J. Biemans

Name: Roger J. Biemans
Title: President of Fort Collins Consolidated Royalties, Inc., Member of Green River Pipeline, LLC
Date: September 7, 2001

By: /s/ Roger J. Biemans

Name: Roger J. Biemans
Title: President of McMurry Oil Company, Member of Green River Pipeline, LLC
Date: September 7, 2001

McMURRY OIL COMPANY

By: /s/ Roger J. Biemans

Name: Roger J. Biemans
Title: President

BUYER:

TEPPCO PARTNERS, L.P

By: /s/ Michael J. Bradley

Name: Michael J. Bradley
Title: Agent and Attorney in Fact
Date: September 7, 2001

EXHIBIT A

DEFINITIONS

"AAA" shall be as defined in Section 16.8.

"Affiliate" shall mean, as to the Party specified, any entity controlling, controlled by or under common control with such specified Party. Control, controlling or controlled as used herein means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise.

"Assets" shall mean:

(a) the natural gas pipelines and gathering systems, the compressor stations and metering stations (the "Facilities"), as particularly described by size and location on Exhibit B hereto and generally described on the maps attached hereto as Exhibit B-1, and the line pack gas, condensate and inventory gas included therein;

(b) the surface leases (and other rights to use the surface), easements, right-of-way, servitudes and similar instruments (the "Property") described on Exhibit C hereto and the assignable environmental and other governmental permits, licenses, and related instruments or rights (the "Permits") described on Exhibit C-1 hereto;

(c) the motor vehicles, equipment, pipes, valves, pumps, compressors, materials and parts inventory, tools, storage tanks, the Pinedale field office and office furnishings, computer hardware, storage sheds, and other personal property, fixtures and improvements used or held primarily for use in the Business (the "Related Facilities"), including, without limitation, the items described on Exhibit D hereto; and

(d) the gas gathering agreements, gas purchase agreements, gas transportation agreements, equipment lease agreements, software agreement for gas nominations, and the Pinedale field office lease agreement (the "Related Agreements") described on Exhibit E hereto and the associated contract files and production records of the Jonah Gas Gathering System (the "Records").

"Assumed Liabilities" shall be as defined in Section 2.2.

"Benefit Plans" means all employee benefit plans or arrangements, including any stock purchase, stock option, stock bonus, stock ownership, phantom stock or other stock plan, pension, profit sharing, bonus, deferred compensation, incentive compensation, severance or termination pay, retirement, hospitalization or other medical or dental, life or other insurance, supplemental unemployment benefits plan or agreement or policy or other arrangement providing employment-related compensation, deferred compensation, defined benefits, fringe benefits or other benefits and including "employee benefit plans," "employee pension benefit plans," and "employee welfare benefit plans as defined in Sections 3(1), 3(2) and 3(3) of ERISA.

"Business" shall be as defined in Recital A.

"Closing" shall be the consummation of the transaction contemplated by Article 9.

"Closing Date" shall mean (a) the later of (i) September 28, 2001, or (ii) the first business day following the expiration or termination of all applicable waiting periods under the Hart-Scott-Rodino Act, or (b) such other date as may be mutually agreed to by Sellers and Buyer.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

"Confidentiality Agreement" shall be as defined in Section 5.5.

"Defensible Title" shall mean such title held by the company to a Property that is free and clear of all claims, liens and encumbrances that materially detract or could materially detract from the value or interfere or could interfere with the use of the Property for the purpose for which the Property is presently used.

"Dispute" shall be as defined in Section 16.8.

"Effective Date" shall be 11:59 p.m. Mountain Time on September 30, 2001.

"Environmental Claim" shall mean any action or written notice threatening same by a third party alleging potential liability of Sellers arising out of or resulting from any actual or alleged violation of, or liability under, or any remedial obligation under, any Environmental Law as a result of an Environmental Condition with respect to the Assets.

"Environmental Condition" shall mean a condition or circumstance existing at the Effective Date with respect to the air, soil, subsurface, surface waters, groundwaters, and/or sediments that causes (i) an Asset or Sellers not to be in compliance with any Environmental Law, including any permits issued thereunder, in all material respects, or (ii) an Asset to be required to be remediated (or other corrective action taken with respect to such Asset) under any Environmental Law.

"Environmental Laws" shall mean all laws relating to (a) the control of any potential pollutant, or protection of the air, water, land, wetlands, natural resources, wildlife and endangered species, (b) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, and (c) exposure to hazardous, toxic, radioactive or other substances alleged to be harmful. Environmental Laws shall include, but are not limited to, the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act, the Safe Drinking Water Act, and CERCLA and shall also include all state, local and municipal laws dealing with the subject matter of the above listed Federal statutes or promulgated by any governmental or

quasigovernmental agency thereunder in order to carry out the purposes of any Federal, state, local or municipal law.

"Environmental Liabilities" shall mean any and all costs (including costs of remediation), damages, settlements, expenses, penalties, fines, taxes, prejudgment and post-judgment interest, court costs and attorneys' fees incurred or imposed (i) pursuant to any order, notice of responsibility, directive (including requirements embodied in Environmental Laws), injunction, judgment or similar act (including settlements) by any governmental authority to the extent arising out of or under Environmental Laws or (ii) pursuant to any claim or cause of action by a governmental authority or third party for personal injury, property damage, damage to natural resources, remediation or response costs to the extent arising out of or attributable to any violation of, or any remedial obligation under, any Environmental Law.

"Environmental Matters" shall mean (i) any order, notice of responsibility, directive (including requirements embodied in Environmental Laws), injunction, judgment or similar act (including settlements) by any governmental authority arising out of or under any Environmental Laws or (ii) any claim or cause of action by a governmental authority or third party for personal injury, property damage, damage to natural resources, remediation or response costs arising out of or attributable to any Hazardous Materials or any violation of, or any remedial obligation under, any Environmental Law.

"Environmental Review" shall be as defined in Section 5.2.

"Estimated Expansion Costs" shall be as defined in Section 2.4.

"Examination Period" shall be as defined in Section 5.3(a).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Expansion Project" shall be as defined in Section 2.4.

"Facilities" shall be as defined in the definition of "Assets."

"Hart-Scott-Rodino Act" shall mean The Hart-Scott-Rodino Antitrust Improvements Act, as amended, 15 U.S.C. Section 18a, and the regulations promulgated thereunder.

"Hazardous Materials" shall mean any explosives, radioactive materials, asbestos material, urea formaldehyde, hydrocarbon contaminants, underground tanks, pollutants, contaminants, hazardous, corrosive or toxic substances, special waste or waste of any kind, including compounds known as chlorobiophenyls and any material or substance the storage, manufacture, disposal, treatment, generation, use, transport, mediation or release into the environment of which is prohibited, controlled, regulated or licensed under Environmental Laws, including, but not limited to, (i) all "hazardous substances" as that term is defined in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, and (ii) petroleum and petroleum products.

"Losses" shall mean any and all debts, damages, costs, losses, liabilities, duties, obligations, commitments, claims (including, without limitation, those arising out of any demand, cause of action, assessment, settlement, judgment or compromise relating to any actual or threatened action), taxes, costs and expenses (including, without limitation, any attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending any action), matured or unmeasured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, including, without limitation, any Environmental Liabilities.

"Material Adverse Effect" shall mean, with respect to the Assets, any adverse changes, circumstance, effect or condition in or relating to the Assets, financial condition, prospects, results of operations, business or operations of the Company that individually or in the aggregate with all other adverse changes, circumstances, effects or conditions with respect to the ownership, use or operation of the Assets which result in or could reasonably be expected to result in a quantifiable diminution in value of the Assets which exceeds an aggregate of $500,000; provided however, that any prospective change or changes in financial condition caused by the reduction or depletion of reserves or decline in deliverability or change in prices of oil, gas, feedstock, ethylene or other hydrocarbon products, declines in production, general economic conditions or local, regional, national or international industry conditions shall not be deemed to constitute a Material Adverse Effect;

"Offsite Environmental Matter" shall mean any Environmental Condition (i) resulting from Hazardous Materials originating from the Assets that have been transported for disposal, reclamation or recycling from the Assets prior to the Effective Date (or prior to the Closing Date as a result of a breach by a Sellers of Section 8.1) to properties owned by third parties or (ii) arising from or attributable to property previously owned or operated by the Company and conveyed or alienated by the Company prior to the Effective Date.

"Partnership Interests" shall be as defined in Recital B.

"Permits" shall be as defined in the definition of "Assets."

"Property" shall be as defined in the definition of "Assets."

"Purchase Price" shall be as defined in Section 3.1.

"Record Review" shall be as defined in Section 5.1.

"Records" shall be as defined in the definition of "Assets."

"Related Agreements" shall be as defined in the definition of "Assets."

"Related Facilities" shall be as defined in the definition of "Assets."

"Retained Liabilities" shall be as defined in Section 2.3.

"Sellers' Knowledge" shall mean the knowledge of Sellers and shall include the knowledge of employees of Sellers' Affiliates involved in the operation of the Assets.

"Taxes" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, parking, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax or other tax of any kind whatsoever, including any interest, fines, penalty or other like assessment or addition thereto, whether disputed or not, including such item for which a liability arises as a transferee or successor-in-interest.

"Title Defect" shall mean a defect that causes the Company's title to the affected Property or a portion thereof to be less than Defensible Title.

"Transferred Employee" shall be as defined in Section 7.4.

"Tribunal" shall be as defined in Section 16.8.

EXHIBIT B

PIPELINES, COMPRESSOR STATIONS AND METERING STATIONS

EXHIBIT B-1

MAPS OF PIPELINES, COMPRESSOR STATIONS AND METERING STATIONS

EXHIBIT C

PROPERTY

EXHIBIT C-1

PERMITS

EXHIBIT D

RELATED FACILITIES

EXHIBIT E

RELATED AGREEMENTS

SCHEDULE 2.4

EXPANSION PROJECT

40

SCHEDULE 4.1(g)

RELATED AGREEMENTS

SCHEDULE 4.1(i)

LITIGATION AND CLAIMS

(1) Litigation between Questar Gas Management Company and Questar Exploration and Production Company (as plaintiffs) and Ultra Petroleum, Ultra Resources and Jonah Gas Gathering Company (as defendants) regarding the rights of the parties for certain gas gathering in the Pinedale/Mesa area.

SCHEDULE 4.1(p)

AUTHORIZED EXPENDITURES

SCHEDULE 4.1(q)

ENVIRONMENTAL MATTERS

SCHEDULE 4.1(t)

BALANCE SHEET OF JONAH GAS GATHERING COMPANY

SCHEDULE 4.2(e)

CONSENTS

SCHEDULE 7.4

TRANSFERRED EMPLOYEES

EXHIBIT 10.32

EXECUTION COPY

CREDIT AGREEMENT

AMONG

TEPPCO PARTNERS, L.P.
AS BORROWER,

SUNTRUST BANK,
AS ADMINISTRATIVE AGENT

AND

CERTAIN LENDERS,
AS LENDERS

DATED AS OF SEPTEMBER 28, 2001

$400,000,000 TERM FACILITY

- ---

SUNTRUST ROBINSON HUMPHREY CAPITAL MARKETS, INC.,
A DIVISION OF SUNTRUST CAPITAL MARKETS, INC.,
AS SOLE LEAD ARRANGER

TABLE OF CONTENTS

ARTICLE XIV MISCELLANEOUS

SCHEDULES AND EXHIBITS

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "AGREEMENT") is entered into as of September 28, 2001, among TEPPCO PARTNERS, L.P., a Delaware limited partnership (the "BORROWER"), the Lenders (defined below) and SUNTRUST BANK ("SUNTRUST"), as the Administrative Agent for the Lenders.

The Borrower has requested that the Lenders extend to the Borrower a $400,000,000 term loan to be funded by the Lenders in no more than three Borrowings and to be used by the Borrower as provided in Section 7.1. The Lenders are willing to extend the requested loans on the terms and conditions of this Agreement.

ACCORDINGLY, for adequate and sufficient consideration, the Borrower, the Lenders and the Administrative Agent agree as follows:

ARTICLE I
DEFINITIONS AND TERMS

SECTION 1.1. DEFINITIONS.

As used in the Credit Documents:

"ACQUISITION" by any Person means any transaction or series of transactions on or after the date hereof pursuant to which that Person directly or indirectly, whether in the form of a capital expenditure, an Investment, a merger, a consolidation or otherwise and whether through a solicitation of tender of Equity Interests, one or more negotiated block, market, private or other transactions, or any combination of the foregoing, purchases (a) all or substantially all of the business or assets of any other Person or operating division or business unit of any other Person, or (b) more than 25% of the Equity Interests in any other Person.

"ADDITIONAL DEBT" means Funded Debt issued or incurred by any Company after the date hereof, other than Funded Debt under this Agreement and Funded Debt (a) that is Permitted Non-Recourse Debt of any Person used for the purposes described in clause (i) of the definition of "Permitted Non-Recourse Debt" or (b) the proceeds of which are used to refinance the Senior Notes, provided that the principal amount of the refinancing shall not exceed the sum of (i) the principal amount of, and accrued interest on, the Senior Notes so refinanced and (ii) reasonable fees and expenses and the premium, if any, incurred in connection with any such refinancing.

"ADMINISTRATIVE AGENT" means, at any time, SunTrust Bank (or its successor appointed under Section 13.1), acting as administrative agent for the Lenders under the Credit Documents.

"AERIE" means Aerie Networks, Inc., a Delaware corporation.

"AERIE LEASES" means (a) the Master Fiber Optics Agreement, dated September 1, 2000, between Aerie and TE Products, pursuant to which TE Products has leased to Aerie a portion of TE Product's pipeline right-of-way for Aerie's installation, construction, operation and maintenance of a telecommunications network and related facilities, and (b) the Master Fiber Optics Agreement, dated September 1, 2000, between Aerie and TEPPCO Crude Pipeline, pursuant to which TEPPCO Crude Pipeline has leased to Aerie a portion of TEPPCO Crude Pipeline's pipeline right-of-way for Aerie's installation, construction, operation and maintenance of a telecommunications network and related facilities, in each case as amended from time to time.

"AFFILIATE" of a Person means any other individual or entity that directly or indirectly controls, is controlled by or is under common control with that Person. For purposes of this definition, (a) "control", "controlled by" and "under common control with" mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or other interests, by contract or otherwise), and (b) the General Partner and all of the Companies are Affiliates with each other.

"AGREEMENT" is defined in the preamble to this Agreement.

"APPLICABLE MARGIN" shall mean, as of any date of determination, the percentage per annum designated in the below grids applicable to such time of determination and based on the Reference Rating.

APPLICABLE MARGINS ON OR PRIOR TO DECEMBER 31, 2001

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
REFERENCE	REFERENCE	REFERENCE	REFERENCE	RATING AT
RATING AT	RATING AT	RATING AT	RATING AT	LEAST A-
BY LEAST	BBB+ LEAST	BBB LEAST	BBB-	REFERENCE
S&P AND BY	S&P BY S&P	BY S&P	RATING A3	BY AND
Baa1 AND	Baa2 AND	Baa3 LOWER	THAN BASIS	FOR
PRICING	MOODY'S BY	MOODY'S BY	MOODY'S BY	MOODY'S
LEVEL 4 -				
Applicable Margin for LIBOR Advances	95.0	110.0	125.0	150.0	190.0

Applicable Margin for Base Rate Advances
0.0 10.0
25.0 50.0
90.0

APPLICABLE MARGINS JANUARY 1, 2002 TO AND INCLUDING MARCH 31, 2002

LEVEL 1 LEVEL 2 LEVEL 3 LEVEL 4 LEVEL 5 REFERENCE REFERENCE REFERENCE REFERENCE RATING AT RATING AT RATING AT RATING AT LEAST A- BY LEAST BBB+ LEAST BBB LEAST BBB- REFERENCE S&P AND BY S&P BY S&P BY S&P RATING A3 BY AND Baa1 AND Baa2 AND Baa3 LOWER THAN BASIS FOR PRICING MOODY'S BY MOODY'S BY MOODY'S BY MOODY'S LEVEL 4 - ---------- ------- -- --------- ---------- ---------- ---------- ----------
Applicable Margin for LIBOR Advances
120.0
135.0
150.0
175.0
215.0
Applicable Margin for Base Rate Advances
20.0 35.0 50.0 75.0 115.0

APPLICABLE MARGINS POST MARCH 31, 2002

LEVEL 1 LEVEL 2 LEVEL 3 LEVEL 4 LEVEL 5 REFERENCE REFERENCE REFERENCE REFERENCE RATING AT RATING AT RATING AT RATING AT LEAST A- BY LEAST BBB+ LEAST BBB LEAST

BBB- REFERENCE S&P AND BY S&P BY S&P BY S&P RATING A3 BY AND Baa1 AND Baa2 AND Baa3 LOWER THAN BASIS FOR PRICING	MOODY'S BY MOODY'S BY MOODY'S BY MOODY'S LEVEL 4 - ---------- ------- -- ---------	----------	----------	----------	----------
Applicable Margin for LIBOR Advances	145.0	160.0	175.0	200.0	240.0
Applicable Margin for Base Rate Advances	45.0	60.0	75.0	100.0	140.0

"ASSIGNEE" is defined in Section 14.10(d).

"ASSIGNMENT" is defined in Section 14.10(d).

"BASE RATE" means, for any day, the greater of (a) the annual interest rate most recently announced by the Administrative Agent as its prime lending rate (which may not necessarily represent the lowest or best rate actually charged to any customer, as the Administrative Agent may make commercial loans or other loans at interest rates higher or lower than that prime lending rate) in effect at its principal office in Atlanta, Georgia, which rate may automatically increase or decrease without notice to the Borrower or any other Person, and (b) the sum of the Fed Funds Rate plus 0.5%.

"BASE RATE BORROWING" means a Borrowing bearing interest at the sum of the Base Rate plus the Applicable Margin.

"BORROWER" is defined in the preamble to this Agreement.

"BORROWING" means any amount disbursed to or on behalf of the Borrower by one or more Lenders under Section 2.1 pursuant to the procedures specified in Section 2.2 either as an original disbursement of funds, a renewal, extension or continuation of an amount outstanding.

"BORROWING DATE" is defined in Section 2.1.

"BORROWING REQUEST" means a request pursuant to Section 2.2(a), substantially in the form of Exhibit C-1.

"BUSINESS DAY" means (a) for purposes of any LIBOR Rate Borrowing, a day on which commercial banks are open for international business in London, England, and (b) for all other purposes, any day other than Saturday, Sunday, and any other day on which commercial banks are authorized by Legal Requirement to be closed in Georgia or New York.

"CAPITAL LEASE" means any capital lease or sublease that is required by GAAP to be capitalized on a balance sheet.

"CENTENNIAL GUARANTY" means the guaranty by TE Products of certain Debt of Centennial Pipeline LLC relating to the Centennial Pipeline Project in a principal amount not to exceed, at any one time outstanding, $75,000,000.

"CENTENNIAL PIPELINE PROJECT" means a refined petroleum products pipeline extending from the Upper Texas Gulf Coast to Illinois, of which TE Products will own a one-third interest.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601 et seq.

"CLOSING DATE" means the date, which must be a Business Day occurring no later than October 15, 2001, upon which all of the conditions precedent set forth in Article V to the effectiveness of this Agreement have been satisfied.

"COMMITMENT" means, as the context may require and at any time and for any Lender, either (a) the amount stated beside that Lender's name under the column captioned "Commitment" on the most recently amended Schedule 2 (which amount is subject to reduction and cancellation as provided in this Agreement), or (b) the commitment of such Lender to make a disbursement of the proceeds of any Borrowing.

"COMMITMENT PERCENTAGE" means, for any Lender and at any time, the proportion (stated as a percentage) that its Commitment bears to the total Commitments of all the Lenders.

"COMPANIES" means, at any time, the Borrower and each of its Subsidiaries.

"COMPLETION DATE" means, in respect of the FINA/BASF Project, the date on which all of the "Completion Standards" set forth in Exhibit 2.1 to the Services Agreement have been satisfied.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form of Exhibit C-3 and signed by a Responsible Officer on behalf of the Borrower.

"CONSOLIDATED EBITDA" means EBITDA of the Borrower and its consolidated Subsidiaries.

"CONSOLIDATED FUNDED DEBT" means Funded Debt of the Borrower and its consolidated Subsidiaries, other than Permitted Non-Recourse Debt of such Subsidiaries.

"CONSOLIDATED NET WORTH" means as at any date total partners' capital of the Borrower and its consolidated Subsidiaries as at such date, excluding the effects of any write-ups of assets after December 31, 2000, determined in accordance with GAAP. The effect of any increase or decrease in net worth in any period as a result of (i) items of income or loss not reflected in the determination of net income but reflected in the determination of comprehensive income, to the extent required by United States Financial Accounting Standards Board Statement 130 or (ii) items of assets, liabilities, income or loss reflected in the determination of the statement of financial position, to the extent required by United States Financial Accounting Standards Board Statement 133, each as in effect from time to time, shall be excluded in determining Consolidated Net Worth.

"CONSTITUENT DOCUMENTS" means, for any Person, the documents for its formation and organization, which, for example, (a) for a corporation are its corporate charter and bylaws, (b) for a partnership is its partnership agreement, (c) for a limited liability company are its certificate of organization and regulations, and (d) for a trust is the trust agreement or indenture under which it is created.

"CONVERSION NOTICE" means a request pursuant to Section 3.10, substantially in the form of Exhibit C-2.

"CREDIT DOCUMENTS" means (a) this Agreement, all certificates and reports delivered by or on behalf of any Company or the General Partner under this Agreement and all exhibits and schedules to this Agreement, (b) all agreements, documents and instruments in favor of the Administrative Agent or the Lenders (or the Administrative Agent on behalf of the Lenders) delivered by or on behalf of any Company or the General Partner in connection with or under this Agreement or otherwise delivered by or on behalf of any Company or the General Partner in connection with all or any part of the Obligations, and (c) all renewals, extensions and restatements of, and amendments and supplements to, any of the foregoing.

"CURRENT FINANCIALS" means, unless otherwise specified, either (a) the Borrower's consolidated Financials for the year ended December 31, 2000, or (b) at any time after annual Financials are first delivered under Section 8.1, the Borrower's annual Financials then most recently delivered to the Lenders under Section 8.1(a), together with

the Borrower's quarterly Financials then most recently delivered to the Lenders under Section 8.1(b).

"DEBT" means, for any Person, at any time and without duplication, the sum of the following obligations of such Person and its consolidated Subsidiaries: (a) all Funded Debt, (b) all obligations arising under acceptance facilities or facilities for the discount or sale of accounts receivable, (c) all direct or contingent obligations in respect of letters of credit and (d) all guaranties, endorsements and other contingent obligations in respect of obligations of other Persons or entities of the nature described in clauses (a) through (c) above.

"DEBT EVENT" means the issuance or incurrence by the Borrower or any Significant Subsidiary of any Debt other than under this Agreement or under the Other Credit Agreements.

"DEBTOR LAWS" means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, re-organization, suspension of payments or similar Legal Requirements affecting creditors' Rights.

"DEFAULT PERCENTAGE" means, for any Lender and at any time, the proportion (stated as a percentage) that the aggregate principal amount of Borrowings owed to it bears to the aggregate principal amount of Borrowings owed all the Lenders.

"DEFAULT RATE" means, for any day, an annual interest rate equal from day to day to the lesser of (a) the sum of the rate of interest applicable to Base Rate Borrowings plus 2%, and (b) the Maximum Rate.

"DILUTED VALUE" means, with respect to any assets of the Borrower, the Fair Market Value of such assets, and, with respect to any assets of any other Person, the Fair Market Value of such assets multiplied by the percentage of the Equity Interests held directly or indirectly by the Borrower in such Person.

"DISTRIBUTION" means, with respect to any Equity Interests issued by a Person (a) the retirement, redemption, purchase or other acquisition for value of those Equity Interests, (b) the declaration or payment of any dividend on or with respect to those Equity Interests, (c) any Investment by that Person in the holder of any of those Equity Interests, and (d) any other payment by that Person with respect to those Equity Interests.

"EBITDA" means, for any Person and its consolidated Subsidiaries and for any period, the sum of, without duplication, (i) Net Income of such Person and its consolidated Subsidiaries (other than any Excluded Subsidiary of such Person) for such period plus (ii) to the extent actually deducted in determining Net Income of such Person and its consolidated Subsidiaries for such period, Interest Expense, Tax Expense, depreciation and amortization, in each case, of such Person and its consolidated Subsidiaries (other than any Excluded Subsidiary of such Person) for such period.

"EMPLOYEE PLAN" means any employee pension benefit plan covered by Title IV of ERISA and established or maintained by any Company or any ERISA Affiliate (other than a Multiemployer Plan).

"ENVIRONMENTAL LAW" means any applicable Legal Requirement that relates to protection of the environment or to the regulation of any Hazardous Substances, including CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), the Clean Water Act (33 U.S.C. Section 1251 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. Section 11001 et seq.), the Safe Drinking Water Act (42 U.S.C. Section 201 and Section 300f et seq.), the Rivers and Harbors Act (33 U.S.C. Section 401 et seq.), the Oil Pollution Act (33 U.S.C. Section 2701 et seq.), analogous state and local Legal Requirements, and any analogous future enacted or adopted Legal Requirement.

"ENVIRONMENTAL LIABILITY" means any liability, loss, fine, penalty, charge, lien, damage, cost or expense of any kind to the extent that it results (a) from the violation of any Environmental Law, (b) from the Release or threatened Release of any Hazardous Substance, or (c) from actual or threatened damages to natural resources.

"ENVIRONMENTAL PERMIT" means any permit or license from any Person defined in clause (a) of the definition of Governmental Authority that is required under any Environmental Law for the lawful conduct of any business, process or other activity.

"EQUITY EVENT" means (a) the contribution in cash of capital (x) to the Borrower by any Person or (y) to any Significant Subsidiary (other than an Excluded Subsidiary) by any Person other than the Borrower or a Wholly-Owned Subsidiary of the Borrower, or (b) any issuance of Equity Interests (x) by the Borrower to any Person or (y) by any Significant Subsidiary (other than an Excluded Subsidiary) to any Person other than the Borrower or a Wholly-Owned Subsidiary of the Borrower.

"EQUITY INTERESTS" means, (a) with respect to a corporation, shares of capital stock of such corporation or any other interest convertible or exchangeable into any such interest, (b) with respect to a limited liability company, a membership interest in such company, (c) with respect to a partnership, a partnership interest in such partnership, and (d) with respect to any other Person, an interest in such Person analogous to interests described in clauses (a) through (c).

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA AFFILIATE" means any Person that, for purposes of Title IV of ERISA, is a member of any Company's controlled group or is under common control with any Company within the meaning of Section 414 of the IRC.

"EVENT OF DEFAULT" is defined in Article 11.

"EXCLUDED SUBSIDIARY" means, for any Company (the "FIRST PERSON"), any other Company (the "SECOND PERSON") in which the first Person owns Equity Interests and where the second Person (a) has no Funded Debt other than Permitted Non-Recourse Debt and (b) the sole purpose of which is to engage in the acquisition, construction, development and/or operation activities financed or refinanced with such Permitted Non-Recourse Debt.

"FAIR MARKET VALUE" means, with respect to any Equity Interest or other property or asset, the price obtainable for such Equity Interest or other property or asset in an arm's-length sale between an informed and willing purchaser under no compulsion to purchase and an informed and willing seller under no compulsion to sell.

"FED FUNDS RATE" means, for any day, the annual rate (rounded upwards, if necessary, to the nearest 0.01%) determined (which determination is conclusive and binding, absent manifest error) by the Administrative Agent to be equal to (a) the weighted average of the rates on overnight federal funds transactions with member banks of the Federal Reserve System arranged by federal funds brokers on that day (or, if such day is not a Business Day, then on the immediately preceding Business Day), as published by the Federal Reserve Bank of New York on the next Business Day, or (b) if those rates are not published for any such day, the average of the quotations at approximately 10:00 a.m. received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"FINA/BASF CONTRACTS" means, in each case as amended and in effect from time to time, collectively: (a) the Service Agreement; (b) the Call Option Agreement, dated February 9, 1999, among TE Products, BASF Fina Petrochemicals Limited Partnership, BASF Corporation and FINA Oil and Chemical Company; (c) the Agreement between Owner and Contractor, dated February 4, 1999, between TE Products and Eagleton Engineering Company; and (d) the Parent Company Guaranty, dated February 4, 1999, between Babcock International Group PLC and TE Products.

"FINA/BASF PROJECT" means the construction of pipelines by TE Products from Mont Belvieu, Texas to Port Arthur, Texas.

"FINANCIALS" of a Person means balance sheets, profit and loss statements, reconciliations of capital and surplus and statements of cash flow of such Person prepared (a) according to GAAP (subject to year-end audit adjustments with respect to interim Financials) and (b) except as stated in Section 1.4, in comparative form to prior year-end figures or corresponding periods of the preceding fiscal year or other relevant period, as applicable.

"FUNDED DEBT" means, for any Person at any time, and without duplication, the sum of the following for such Person and its consolidated Subsidiaries: (a) the unpaid principal amount or component of all obligations for borrowed money, (b) the unpaid principal amount or component of all obligations evidenced by bonds, debentures, notes or similar instruments, (c) the unpaid principal amount or component of all obligations to

pay the deferred purchase price of property or services except trade accounts payable arising in the ordinary course of business, (d) in respect of all obligations that are secured (or for which the holder of any such obligation has an existing Right, contingent or otherwise, to be so secured) by any Lien on property owned or acquired by that Person, the lesser of (x) the unpaid amount of all of those obligations from time to time outstanding and (y) the Fair Market Value of the property securing all of those obligations, liabilities secured (or for which the holder of such obligations has an existing Right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by that Person, (e) all Capital Lease obligations, (f) the unpaid principal amount or component of all obligations under synthetic leases, and (g) the unpaid principal amount or component of all guaranties, endorsements, and other contingent obligations in respect of obligations of other Persons or entities of the nature described in clauses (a) through (f) above.

"FUNDING LOSS" means any loss, expense or reduction in yield (but not any Applicable Margin) that any Lender reasonably incurs because (i) the Borrower fails or refuses (for any reason whatsoever other than a default by the Administrative Agent or the Lender claiming that loss, expense or reduction in yield) to take any Borrowing or convert a Borrowing that it has requested, or given notice for, under this Agreement, or (ii) the Borrower voluntarily or involuntarily prepays or pays any LIBOR Rate Borrowing or converts any LIBOR Rate Borrowing to a Borrowing of another Type, in each case, other than on the last day of the applicable Interest Period. The amount of any Funding Loss shall be determined by the relevant Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Borrowing had such event not occurred, at the LIBOR Rate, for the period from the date of such event to the last day of the then current Interest Period (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for that Borrowing), over (B) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid (were it to bid), at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the London interbank market.

"GAAP" means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board that are applicable from time to time.

"GENERAL PARTNER" means Texas Eastern or any other Person that serves as the general partner of the Borrower without causing the occurrence of a Potential Default or an Event of Default under Section 11.7(b).

"GOVERNMENTAL AUTHORITY" means any (a) local, state, territorial, federal or foreign judicial, executive, regulatory, administrative, legislative or governmental agency, board, bureau, commission, department or other instrumentality, (b) private arbitration board or panel or (c) central bank.

"GUARANTOR" means each Person delivering a Guaranty as required by Article 6.

"GUARANTY" means a guaranty substantially in the form of Exhibit B.

"HAZARDOUS SUBSTANCE" means any substance that is designated, defined, classified or regulated as a hazardous waste, hazardous material, pollutant, contaminant, explosive, corrosive, flammable, infectious, carcinogenic, mutagenic, radioactive or toxic or hazardous substance under any Environmental Law, including, without limitation, any hazardous substance within the meaning of Section 101(14) of CERCLA.

"HEDGING AGREEMENT" means any swap, cap or collar arrangement or any other derivative product customarily offered by banks or other institutions to their customers in order to manage the exposure of such customers to interest rate fluctuations or commodity price fluctuations.

"INTEREST EXPENSE" means, for any Person and its consolidated Subsidiaries and for any period, all interest expense (including all amortization of debt discount and expenses and reported interest) on all Funded Debt of such Person and its consolidated Subsidiaries during such period.

"INTEREST PERIOD" is defined in Section 3.9.

"INVESTMENT" means, in respect of any Person, any loan, advance, extension of credit or capital contribution to that Person, any other investment in that Person, or any purchase or commitment to purchase any Equity Interest or Debt issued by that Person or substantially all of the assets or a division or other business unit of that Person. The term "Investment", however, does not include any extension of trade debt in the ordinary course of business or, as a result of collection efforts, the receipt of any equity in or property of a Person.

"IRC" means the Internal Revenue Code of 1986.

"JGCC" means Jonah Gas Gathering Company, a Wyoming partnership.

"LEGAL REQUIREMENTS" means all applicable statutes, laws, treaties, ordinances, rules, regulations, orders, writs, injunctions, decrees, judgments, opinions and interpretations of any Governmental Authority.

"LENDER" means (a) each financial institution (including, without limitation, SunTrust, in its capacity as a Lender, in respect of its Commitment) initially named on Schedule 2, (b) each Assignee pursuant to Section 14.10(d) and (c) each Additional Lender.

"LIBOR RATE" means, for a LIBOR Rate Borrowing and its Interest Period, the quotient of (a) the annual interest rate for deposits in United States dollars of amounts equal or comparable to the principal amount of that LIBOR Rate Borrowing offered for a term comparable to that Interest Period, which rate appears on the Telerate Page 3750 as of 11:00 a.m. (London, England time) two Business Days before the beginning of that Interest Period or, if no such offered rates appear on such page, then the rate used for that Interest Period shall be the arithmetic average (rounded upwards, if necessary, to the next

higher 0.001%) of the rates offered to the Administrative Agent by not less than two major banks in New York, New York at approximately 10:00 a.m. (Atlanta, Georgia time) two Business Days before the beginning of that Interest Period for deposits in United States dollars in the London interbank market of the principal amount of that LIBOR Rate Borrowing offered for a term comparable to that Interest Period, divided by (b) a number equal to 1.00 minus the LIBOR Reserve Percentage. The rate so determined in accordance herewith shall be rounded upwards to the nearest multiple of 0.001%, and the term "Telerate Page 3750" means the display designated as "Page 3750" on the Dow Jones Markets Service, Inc. (or such other page as may replace Page 3750 on that service or another service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for United States dollars).

"LIBOR RATE BORROWING" means a Borrowing bearing interest at the sum of the LIBOR Rate plus the Applicable Margin.

"LIBOR RESERVE PERCENTAGE" means, for any Interest Period with respect to a LIBOR Rate Borrowing, the reserve percentage applicable to that Interest Period (or, if more than one such percentage shall be so applicable, then the daily average of such percentages for those days in that Interest Period during which any such percentage shall be applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for the Lenders with respect to liabilities or assets consisting of or including "eurocurrency liabilities" (as defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time) having a term equal to that Interest Period.

"LIEN" means any lien, mortgage, security interest, pledge, assignment, charge, title retention agreement or encumbrance of any kind and any other arrangement for a creditor's claim to be satisfied from assets or proceeds prior to the claims of other creditors or the owners (other than title of the lessor under an operating lease).

"LITIGATION" means any action by or before any Governmental Authority.

"MAINTENANCE CAPITAL EXPENDITURES" means, for any Person and its consolidated Subsidiaries and for any period, all expenditures of such Person and its consolidated Subsidiaries during such period for the maintenance or repair of capital assets, determined in accordance with GAAP.

"MARGIN REGULATIONS" means Regulations T, U and X of the Board of Governors of the Federal Reserve System, as amended.

"MATERIAL ADVERSE EVENT" means any circumstance or event that, individually or collectively, is, or is reasonably expected to result in, any (a) material impairment of (i) the ability of the Borrower or any other Company to perform any of their respective payment or other material obligations under any Credit Document, or (ii) the ability of

the Administrative Agent or any Lender to enforce any of those obligations or any of their respective Rights under the Credit Documents (other than as a result of its own act or omission), (b) material and adverse effect on the financial condition of the Borrower and its Subsidiaries, taken as a whole, as represented to the Lenders in the Current Financials most recently delivered before the date of this Agreement, or (c) Event of Default or Potential Default.

"MAXIMUM AMOUNT" and "MAXIMUM RATE" respectively mean, for any Lender, the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Legal Requirement, that such Lender is permitted to contract for, charge, take, reserve or receive on the Obligations.

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the IRC to which any Company or any ERISA Affiliate is making, or has made, or is accruing, or has accrued, an obligation to make contributions.

"NET CASH PROCEEDS" means, with respect to any Debt Event or Equity Event (each, for purposes of this definition, a "TRANSACTION"), the aggregate amount of cash received, as the case may be, by (x) the Borrower or (y) any Significant Subsidiary and legally available to be distributed to the Borrower in the form of dividends or distributions in connection with such transaction after, in each case, deducting therefrom (i) payments made in respect of any Funded Debt to the extent that such payments are required to be made (other than under the Other Credit Agreements or the Credit Documents but subject to Section 9.2(b)(ii)) as a result of or in connection with such transaction by applicable law or the terms of any contractual agreement relating to such Funded Debt, (ii) customary transaction costs that are paid or reserved for payment (A) to a Person that is not an Affiliate of the Borrower or (B) to the Borrower or an Affiliate of the Borrower to reimburse such Person for payments made by such Person to another Person that is not the Borrower or an Affiliate of the Borrower in respect of such transaction costs, and (iii) the amount of taxes paid or reserved for payment by the Borrower or such Significant Subsidiary in connection with or as a result of such transaction.

"NET INCOME" means, for any Person and its consolidated Subsidiaries and for any period, the profit or loss of such Person and its consolidated Subsidiaries for such period after deducting all operating expenses, provision for Taxes and reserves (including reserves for deferred income Taxes), and all other deductions calculated, in each case, in accordance with GAAP, but excluding (a) extraordinary items, and (b) the profit or loss of any Subsidiary accrued before the date that (i) it becomes a Subsidiary of such Person, (ii) it is merged with such Person or any of its Subsidiaries, or (iii) its assets are acquired by such Person of any of its Subsidiaries.

"NON-RECOURSE" means, with respect to any Person as applied to any Funded Debt (or portion thereof), (a) that such Person is not directly or indirectly liable to make

any payments with respect to such Funded Debt (or portion thereof), other than payments deemed made by or on behalf of such Person as a result of any realization on assets that were pledged to secure such Funded Debt and that consist of such Person's Equity Interests in the Person primarily incurring such Funded Debt (or any shareholder, partner, member or participant of such Person), (b) that such Funded Debt (or portion thereof) does not constitute Funded Debt of such Person other than to the extent of recourse to such Person's Equity Interests in the Person primarily incurring such Debt (or any shareholder, partner, member or participant of such Person) and that (c) such Funded Debt (or portion thereof) is not secured by a Lien on any asset of such Person other than such Person's Equity Interests in the Person primarily incurring such Funded Debt or any shareholder, partner, member, participant or other owner, directly or indirectly, of such Person or the Person the obligations of which were guaranteed.

"NOTE" means one of the promissory notes substantially in the form of Exhibit A.

"OBLIGATIONS" means all present and future (a) Debts, liabilities and obligations of the Borrower to the Administrative Agent or any Lender that arise under any Credit Document, whether for principal, interest, fees, costs, attorneys' fees or otherwise and (b) renewals, extensions and modifications of any of the foregoing.

"OSHA" means the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq.

"OTHER CREDIT AGREEMENTS" means (i) the 3-Year Amended and Restated Credit Agreement, dated as of April 6, 2001, and (ii) the 364-Day Credit Agreement, dated as of April 6, 2001, each among the Borrower, certain lenders party thereto and SunTrust, as administrative agent.

"PARTICIPANT" is defined in Section 14.10(c).

"PBGC" means the Pension Benefit Guaranty Corporation.

"PERMITTED DEBT" is defined in Section 9.1.

"PERMITTED LIENS" is defined in Section 9.3.

"PERMITTED NON-RECOURSE DEBT" means Funded Debt of any Person (other than the Borrower) that is Non-Recourse to any Company other than such Person and is used by such Person (i) to acquire, construct, develop and/or operate assets not owned by any Company as of the date hereof or (ii) to finance the acquisition of the Service Agreement.

"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a Governmental Authority.

"POTENTIAL DEFAULT" means any event, occurrence or circumstance, the existence of which upon any required notice, time lapse, or both, would become an Event of Default.

"PREDECESSOR" means any Person for whose obligations and liabilities any Company is reasonably expected to be liable as the result of any merger, de facto merger, stock purchase, asset purchase or divestiture, combination, joint venture, investment, reclassification or other similar business transaction.

"PRO FORMA EBITDA" means, for any fiscal period of the Borrower, the sum of Consolidated EBITDA for such period plus, to the extent not already reflected in Consolidated EBITDA for such period, EBITDA for such period of any other Person or all or substantially all of the business or assets of any other Person or operating division or business unit of any other Person acquired in an Acquisition during such period.

"REAL PROPERTY" means any land, buildings, fixtures and other improvements to land now or in the future directly or indirectly owned by any Company, leased to or otherwise operated by any Company or subleased by any Company to any other Person.

"REFERENCE RATING" means (i) the ratings assigned by S&P and Moody's to the senior unsecured non-credit enhanced long-term debt of the Borrower, or (ii) if S&P and Moody's have not assigned ratings to the senior unsecured non-credit enhanced long-term debt of the Borrower, the ratings that are one level below the ratings assigned by S&P and Moody's to the senior unsecured non-credit enhanced long-term debt of TE Products. For purposes of the foregoing, (x) if the ratings assigned by S&P and Moody's are not comparable (i.e., a "split rating"), the higher of such two ratings shall control, unless either rating is below BBB- (in the case of S&P) or Baa3 (in the case of Moody's), in which case the lower of the two ratings shall control, and (y) for purposes of illustration an S&P rating of BBB will be considered to be "one level below" an S&P rating, of BBB+.

"RELEASE" means any "release" as defined under any Environmental Law.

"REPRESENTATIVES" means officers, directors, employees, accountants, attorneys and agents.

"REQUIRED LENDERS" means any combination of the Lenders holding (directly or indirectly) more than (a) 50% of the total Commitments, if there are no Borrowings outstanding, (b) 50% of the sum of (i) the total unused Commitments plus (ii) the aggregate principal amount of all Borrowings outstanding, if there are any Borrowings outstanding and the maturity of the Obligations has not been accelerated and the Commitments have not been terminated under Section 12.1(a) or (b), as the case may be, and (c) 50% of the aggregate principal amount of all Borrowings outstanding if there are any Borrowings outstanding and the maturity of the Obligations has been accelerated or the Commitments have been terminated under Section 12.1(a) or (b), as the case may be.

"RESPONSIBLE OFFICER" means the chairman, president, vice president, chief executive officer, chief financial officer, treasurer, corporate secretary, member or manager of the General Partner or Person of comparable authority.

"RIGHTS" means rights, remedies, powers, privileges and benefits.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc., or any successor thereto.

"SENIOR NOTES" means the 6.45% Senior Notes Due 2008 in the original aggregate principal amount of $180,000,000 and the 7.51% Senior Notes Due 2028 in the original aggregate principal amount of $210,000,000, in each case issued by TE Products under the Indenture dated as of January 27, 1998, between TE Products and The Bank of New York, Trustee.

"SERVICE AGREEMENT" means the Service and Transportation Agreement, dated February 9, 1999, among TE Products, BASF Fina Petrochemicals Limited Partnership, BASF Corporation and FINA Oil and Chemical Company, as amended and in effect from time to time.

"SIGNIFICANT SUBSIDIARY" means each Subsidiary of the Borrower (a) in which the Borrower's direct and indirect Equity Interests in such Subsidiary and the Borrower's and its Subsidiaries' advances to such Subsidiary constitute more than 10% of the total assets of the Borrower and its consolidated Subsidiaries, (b) in which the Borrower's and its Subsidiaries' share of the total assets (after intercompany eliminations) of such Subsidiary exceed 10% of the total assets of the Borrower and its consolidated Subsidiaries, or (c) in which the equity of the Borrower and its Subsidiaries in the income from continuing operations of such Subsidiary before income taxes, extraordinary items and cumulative effects of changes in accounting principles exceed 10% of such income of the Borrower and its consolidated Subsidiaries.

"SOLVENT" means, as to any Person, that (a) the aggregate fair market value of its assets exceeds its liabilities, (b) it is able to pay its debts as they mature, and (c) it does not have unreasonably small capital to conduct its businesses.

"STATED TERMINATION DATE" means June 28, 2002.

"SUBSIDIARY" of any Person means any corporation, limited liability company, general or limited partnership or other entity of which more than 50% (in number of votes) of the Equity Interests is owned of record or beneficially, directly or indirectly, by that Person.

"SUNTRUST" is defined in the preamble to this Agreement.

"TAXES" means, for any Person, taxes, assessments or other governmental charges or levies imposed upon it, its income or any of its properties, franchises or assets.

"TAX EXPENSE" means, for any Person and its consolidated Subsidiaries and for any period, the taxes on income of that Person and its consolidated Subsidiaries accrued during that period.

"TCTM" means TCTM, L.P., a Delaware limited partnership.

"TE PRODUCTS" means TE Products Pipeline Company, Limited Partnership, a Delaware limited partnership.

"TEPPCO CRUDE" means TEPPCO Crude Oil, L.P., a Delaware limited partnership.

"TEPPCO CRUDE PIPELINE" means TEPPCO Crude Pipeline, L.P., a Delaware limited partnership.

"TERMINATION DATE" means the earlier of (a) the Stated Termination Date and (b) the effective date on which the Commitments are fully canceled or terminated.

"TEXAS EASTERN" means Texas Eastern Products Pipeline Company, LLC, a Delaware limited liability company.

"TYPE" means any type of Borrowing determined with respect to the applicable interest option.

"WHOLLY-OWNED SUBSIDIARY" means any Subsidiary of a Person, all of the issued and outstanding Equity Interests of which are directly or indirectly owned by such Person, excluding (a) any general partner interests owned by the General Partner in any such Subsidiary that is a partnership and (b) any directors' qualifying shares or similar type of Equity Interests, as applicable.

SECTION 1.2. TIME REFERENCES.

Unless otherwise specified, in the Credit Documents: (a) time references (e.g., 10:00 a.m.) are to time in Atlanta, Georgia, on the applicable date, and (b) in calculating a period from one date to another, the word "from" means "from and including" and the word "to" or "until" means "to but excluding".

SECTION 1.3. OTHER REFERENCES.

Unless otherwise specified, in the Credit Documents: (a) where appropriate, the singular includes the plural and vice versa, and words of any gender include each other gender, (b) where appropriate, words include their respective cognate expressions, (c) heading and caption references may not be construed in interpreting provisions, (d) monetary references are to currency of the United States of America, (e) section, paragraph, annex, schedule, exhibit and similar references are to the particular Credit Document in which they are used, (f) references to "telecopy", "facsimile", "fax" or similar terms are to facsimile or telecopy transmissions, (g) references to "including" (in its various forms) mean including without limiting the generality of any description preceding that word, (h) the rule of construction that references to general items that follow references to specific items are limited to the same type or character of those specific items is not applicable in the Credit Documents, (i) references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible, visible form, (j) references to any Person include that Person's heirs, personal representatives, successors, trustees, receivers and permitted assigns, (k) references to any Legal Requirement include every amendment or supplement to it, rule and regulation adopted under it and successor or

replacement for it, (l) references to any Governmental Authority include any Person succeeding to its relevant function, (m) references to any Credit Document or other document include (to the extent not prohibited by the terms of the Credit Documents) every renewal and extension of it, amendment and supplement to it and replacement or substitution for it, (n) the terms "assets" or "property" in relation to any Person includes all asset, property and Equity Interests owned, used or acquired, or to be owned, used or acquired, by such Person, as the context may require, and (o) the "months" referred to in the definition of "Applicable Margin" shall mean the period that commences on the Closing Date and ends on the numerically corresponding day in the next succeeding month, and each successive period commencing on the last day of the preceding period and ending on the numerically corresponding day of the next succeeding month, provided, that if any such period begins on a day for which there is no numerically corresponding day in the next succeeding month, than such period will end on the last day of that month.

SECTION 1.4. ACCOUNTING PRINCIPLES.

Unless otherwise specified, in the Credit Documents: (a) GAAP determines all accounting and financial terms and compliance with financial covenants, (b) GAAP in effect on the date of this Agreement determines compliance with financial covenants, (c) otherwise, all accounting principles applied in a current period must be comparable in all material respects to those applied during the preceding comparable period and (d) all financial terms and compliance with reporting and financial covenants must be on a consolidated basis, as applicable.

ARTICLE II
THE COMMITMENTS

Each Lender severally but not jointly agrees to extend credit to the Borrower in accordance with the following provisions and subject to the other terms and conditions of the Credit Documents.

SECTION 2.1. TERM LOAN.

Each Borrowing is subject to all of the provisions in the Credit Documents, including the following: (a) each Borrowing may occur only on a Business Day on or after the Closing Date and before the Termination Date and (b) the aggregate principal amount of the Borrowings outstanding may never exceed the total Commitments at such time.

SECTION 2.2. BORROWING PROCEDURE.

The following procedures apply to the Borrowings:

(a) BORROWING REQUEST. The Borrower may request a Borrowing by making or delivering a Borrowing Request to the Administrative Agent, which is irrevocable and binding on the Borrower, stating the Type, amount, and Interest Period for each Borrowing and which must be received by the Administrative Agent no later than (i) 10:00 a.m. on the third Business Day before the date on which funds are requested (the "BORROWING DATE") for any LIBOR Rate Borrowing, or (ii) 11:00 a.m. on the Borrowing Date for any Base Rate Borrowing. The Administrative Agent shall promptly on the day received notify each Lender of any Borrowing

Request. Each LIBOR Rate Borrowing must be in the amount of $10,000,000 or an integral multiple of $1,000,000 in excess of $10,000,000, and each Base Rate Borrowing must be in the amount of $1,000,000 or an integral multiple of $100,000 in excess of $1,000,000, or if less than $1,000,000, the total unused Commitments. The Borrower may not make more than three Borrowings.

(b) FUNDING. Each Lender shall remit its Commitment Percentage of each requested Borrowing to the Administrative Agent's principal office in Atlanta, Georgia, in funds that are available for immediate use by the Administrative Agent by 2:00 p.m. on the applicable Borrowing Date. Subject to receipt of those funds, the Administrative Agent shall (unless to its actual knowledge any of the applicable conditions precedent have not been satisfied by the Borrower or waived by the requisite Lenders) make those funds available to the Borrower by wiring the funds to or for the account of the Borrower.

(c) FUNDING ASSUMED. Absent contrary written notice from a Lender, the Administrative Agent may assume that each Lender has made its Commitment Percentage of the requested Borrowing available to the Administrative Agent on the applicable Borrowing Date, and the Administrative Agent may, in reliance upon such assumption (but shall not be required to), make available to the Borrower a corresponding amount. If a Lender fails to make its Commitment Percentage of any requested Borrowing available to the Administrative Agent on the applicable Borrowing Date, the Administrative Agent may recover the applicable amount on demand (i) from that Lender together with interest, commencing on the Borrowing Date and ending on (but excluding) the date the Administrative Agent recovers the amount from that Lender, at an annual interest rate equal to the Fed Funds Rate, or (ii) if that Lender fails to pay its amount upon demand, then from the Borrower, together with interest at the rate applicable to that Borrowing. No Lender is responsible for the failure of any other Lender to make its share of any Borrowing available as required by Section 2.2(b); however, failure of any Lender to make its share of any Borrowing so available does not excuse any other Lender from making its share of any Borrowing so available.

SECTION 2.3. EFFECT OF REQUESTS.

Each Borrowing Request constitutes a representation and warranty by the Borrower that as of the date of the requested Borrowing all of the applicable conditions precedent in Article 5 have been satisfied.

SECTION 2.4. TERMINATION OF THE COMMITMENTS.

(a) VOLUNTARY. The Borrower may, upon giving at least five Business Days prior written and irrevocable notice to the Administrative Agent, terminate all or part of the Commitments. Each partial termination under this subsection (a) must be in an amount of not less than $5,000,000 or a greater integral multiple of $1,000,000 and must be ratable in accordance with each Lender's Commitment Percentage.

(b) MANDATORY. On the date of any prepayment of Borrowings pursuant to Section 3.2(c)(ii), the Commitments shall automatically reduce by an amount equal to such prepayment.

(c) MISCELLANEOUS. At the time of any termination of the Commitments under this Section 2.4, the Borrower shall pay to the Administrative Agent, for the account of each Lender, as applicable, all accrued and unpaid fees under this Agreement, the interest attributable to the amount of that reduction, and any related Funding Loss. Any part of the Commitments that is terminated may not be reinstated.

ARTICLE III
PAYMENT TERMS

SECTION 3.1. NOTES AND PAYMENTS.

The Borrowings are evidenced by the Notes, one payable to each Lender in the amount of its Commitment. The Borrower must make each payment and prepayment on the Obligations to the Administrative Agent's principal office in Atlanta, Georgia, in immediately available funds by 1:00 p.m. on the day due; otherwise, but subject to Section 3.6, that portion of the Obligations in respect of which such payment or prepayment was made shall continue to accrue interest until the Business Day upon which such payment shall be received by the Administrative Agent at the time and in the manner specified above. The Administrative Agent shall promptly pay to each Lender the part of any payment or prepayment to which that Lender is entitled under this Agreement on the same day the Administrative Agent receives the funds from the Borrower. Unless the Administrative Agent has received notice from the Borrower before the date on which any payment is due under this Agreement that the Borrower will not make that payment in full, then on the date that payment is due the Administrative Agent may assume that the Borrower has made the full payment due and the Administrative Agent may, in reliance upon that assumption, cause to be distributed to each Lender on that date the amount then due to each Lender. If and to the extent the Borrower does not make the full payment due to the Administrative Agent, each Lender shall repay to the Administrative Agent on demand the amount distributed to that Lender by the Administrative Agent together with interest for each day from the date that Lender received payment from the Administrative Agent until the date that Lender repays the Administrative Agent (unless such repayment is made on the same day as such distribution), at an interest rate equal to the Fed Funds Rate.

SECTION 3.2. INTEREST AND PRINCIPAL PAYMENTS.

(a) INTEREST. Accrued interest on each LIBOR Rate Borrowing shall be due and payable on the last day of its Interest Period. If any Interest Period for a LIBOR Rate Borrowing is greater than three months, then accrued interest shall also be due and payable on the date three months after the commencement of the Interest Period. Accrued interest on the unpaid principal amount of each Base Rate Borrowing shall be due and payable in arrears on the last day of each March, June, September and December, commencing on the first such date that follows the Closing Date, and on the date such Borrowing becomes due and payable or is otherwise paid in full.

(b) PRINCIPAL. The principal amount of all Borrowings shall be due and payable on the Termination Date.

(c) PREPAYMENTS.

(i) The Borrower may, from time to time, by giving notice to the Administrative Agent no later than three Business Days before the date of the prepayment, prepay, without premium or penalty and in whole or part, the principal amount of any Borrowing so long as:

(A) the notice by the Borrower specifies the amount and Borrowing to be prepaid,

(B) each voluntary partial prepayment must be in a principal amount of not less than $1,000,000 or a greater integral multiple of $1,000,000, plus accrued interest on the amount prepaid to the date of such prepayment, and

(C) the Borrower shall pay the Funding Loss, if any, within 5 Business Days following an affected Lender's demand and delivery to the Borrower of the certificate as provided in Section 3.18. Conversions on the last day of Interest Period pursuant to Section 3.10 are not prepayments.

(ii) The Borrower shall promptly notify the Administrative Agent upon the receipt of any Net Cash Proceeds of any Debt Event and, at any time that any such Net Cash Proceeds received and not previously applied to any prepayment pursuant to this Section 3.2(c)(ii) shall equal or exceed $10,000,000, the Borrower shall prepay Borrowings, together with payment of any Funding Losses, as applicable, in an aggregate amount equal to 100% of the Net Cash Proceeds of such Debt Event.

(iii) If at any time, the sum of the aggregate principal amount of Borrowings outstanding shall exceed the total Commitments, the Borrower shall forthwith prepay Borrowings, in a principal amount equal to such excess, together with accrued interest to the date of such prepayment on the principal amount of Borrowings prepaid and any Funding Losses owing in connection therewith.

(iv) Prepayments of the Borrowings pursuant to this Section 3.2 shall be applied, first, to prepay Base Rate Borrowings, second, to prepay any LIBOR Rate Borrowing that has an Interest Period the last day of which is the same as the date of such requirement prepayment, and, third to prepay other LIBOR Rate Borrowings, as selected by the Borrower, or, at the Borrower's option, to cash collateralize such other LIBOR Rate Borrowings (which cash collateral will be applied on the last day of the Interest Period of each such LIBOR Rate Borrowing to prepay such LIBOR Rate Borrowings).

SECTION 3.3. INTEREST OPTIONS.

Except as otherwise provided in this Agreement, Borrowings shall bear interest at an annual rate equal to the lesser of (i) the Base Rate or the LIBOR Rate plus the Applicable Margin, in each case as designated or deemed designated by the Borrower, and (ii) the Maximum Rate; provided that the LIBOR Rate may not be selected when an Event of Default or Potential Default has occurred and is continuing.

SECTION 3.4. QUOTATION OF RATES.

The Borrower may contact the Administrative Agent prior to delivering a Borrowing Request to receive an indication of the interest rates then in effect, but the indicated rates do not bind the Administrative Agent or the Lenders or affect the interest rate that is actually in effect when the Borrower makes a Borrowing Request or on the Borrowing Date.

SECTION 3.5. DEFAULT RATE.

To the extent lawful, any amount payable under any Credit Document that is not paid when due (including interest on any such unpaid amount) shall bear interest from the date due (stated or by acceleration) at the Default Rate until paid, regardless whether payment is made before or after entry of a judgment, payable on demand.

SECTION 3.6. INTEREST RECAPTURE.

If the designated interest rate applicable to any amount exceeds the Maximum Rate, the interest rate on that amount is limited to the Maximum Rate, but any subsequent reductions in the designated rate shall not reduce the interest rate thereon below the Maximum Rate until the total amount of accrued interest equals the amount of interest that would have accrued if that designated rate had always been in effect. If at maturity (stated or by acceleration), or at final payment of the Notes, the total interest paid or accrued is less than the interest that would have accrued if the designated rates had always been in effect, then, at that time and to the extent lawful, the Borrower shall pay an amount equal to the difference between (a) the lesser of the amount of interest that would have accrued if the designated rates had always been in effect and the amount of interest that would have accrued if the Maximum Rate had always been in effect, and (b) the amount of interest actually paid or accrued on the Notes.

SECTION 3.7. INTEREST AND FEE CALCULATIONS.

All computations of interest based on the prime lending rate of the Administrative Agent shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be. All computations of the Commitment Fee and of interest based on the LIBOR Rate or the Fed Funds Rate shall be made by the Administrative Agent on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

SECTION 3.8. MAXIMUM RATE.

Regardless of any provision contained in any Credit Document, no Lender is entitled to contract for, charge, take, reserve, receive or apply, as interest on all or any part of the Obligations, any amount in excess of the Maximum Rate, and, if any Lender ever does so, then any excess shall be treated as a partial prepayment of principal (without regard to Section 3.9) and any remaining excess shall be refunded to the Borrower. In determining if the interest paid or payable exceeds the Maximum Rate, the Borrower and the Lenders shall, to the maximum extent lawful, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and their effects, and (c) amortize, prorate,

allocate and spread the total amount of interest throughout the entire contemplated term of the relevant Borrowings. However, if the Obligations are paid in full before the end of their full contemplated term, and if the interest received for the period that the Obligations were outstanding exceeds the Maximum Amount, then the Lenders shall refund any excess (and the Lenders may not, to the extent lawful, be subject to any penalties provided by any Legal Requirements for contracting for, charging, taking, reserving or receiving interest in excess of the Maximum Amount). If the Legal Requirements of the State of Texas are applicable for purposes of determining the "Maximum Rate" or the "Maximum Amount", then those terms mean the "indicated rate ceiling" from time to time in effect under Chapter 303 of the Texas Finance Code. The Borrower agrees that Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri-party accounts) does not apply to any Borrowings.

SECTION 3.9. INTEREST PERIODS.

When the Borrower requests a LIBOR Rate Borrowing, the Borrower may elect the applicable interest period (each an "INTEREST PERIOD"), which may be, at the Borrower's option, one, two, three or six months for LIBOR Rate Borrowings, subject to Section 14.1 and the following conditions: (a) the initial Interest Period for a LIBOR Rate Borrowing commences on the applicable Borrowing Date or conversion date, and each subsequent Interest Period applicable to any Borrowing commences on the day when the next preceding applicable Interest Period expires; (b) if any Interest Period for a LIBOR Rate Borrowing begins on a day for which no numerically corresponding Business Day in the calendar month at the end of the Interest Period exists, then the Interest Period ends on the last Business Day of that calendar month; (c) if the Borrower is required to pay any portion of a LIBOR Rate Borrowing before the end of its Interest Period in order to comply with the payment provisions of the Credit Documents, the Borrower shall also pay any related Funding Loss; and (d) no more than six Interest Periods may be in effect at one time.

SECTION 3.10. CONVERSIONS.

The Borrower may in accordance with the procedures set forth below (a) convert a LIBOR Rate Borrowing on the last day of the applicable Interest Period to a Base Rate Borrowing, (b) convert a Base Rate Borrowing at any time to a LIBOR Rate Borrowing, and (c) elect a new Interest Period for a LIBOR Rate Borrowing to commence upon expiration of the then-current Interest Period; provided that the Borrower may not convert to or select a new Interest Period for a LIBOR Rate Borrowing at any time when an Event of Default or Potential Default has occurred and is continuing. Any such conversion or election may be made by telephonic request to the Administrative Agent no later than 10:00 a.m. on the third Business Day before the conversion date or the last day of the Interest Period, as the case may be (for conversion to a LIBOR Rate Borrowing or election of a new Interest Period), and no later than 11:00 a.m. on the last day of the Interest Period (for conversion to a Base Rate Borrowing). The Borrower shall provide a Conversion Notice to the Administrative Agent no later than two days after the date of the conversion or election. Absent the Borrower's telephonic request for conversion or election of a new Interest Period or if an Event of Default or Potential Default has occurred and is continuing, then, a LIBOR Rate Borrowing shall be deemed converted to a Base Rate Borrowing effective when the applicable Interest Period expires.

SECTION 3.11. ORDER OF APPLICATION.

Each payment (including proceeds from the exercise of any Rights) of the Obligations shall be applied either (a) if no Event of Default or Potential Default has occurred and is continuing, then in the order and manner specified elsewhere herein, and if not so specified, then in the order and manner as the Borrower directs, or (b) if an Event of Default or Potential Default has occurred and is continuing or if the Borrower fails to give any direction required under clause (a) above, then in the following order: (i) to all fees, expenses, and indemnified amounts for which the Administrative Agent has not been paid or reimbursed in accordance with the Credit Documents and, except while an Event of Default under Section 11.1 has occurred and is continuing, as to which the Borrower has been invoiced and has failed to pay within ten Business Days of that invoice; (ii) to all fees, expenses and indemnified amounts for which any Lender has not been paid or reimbursed in accordance with the Credit Documents (and if any payment is less than all unpaid or unreimbursed fees and expenses, then that payment shall be applied against unpaid and unreimbursed fees and expenses in the order of incurrence or due date) and, except while an Event of Default under Section 11.1 has occurred and is continuing, as to which the Borrower has been invoiced and has failed to pay within ten Business Days of that invoice; (iii) to accrued interest on the principal amount of the Borrowings outstanding; (iv) to the principal amount of the Borrowings outstanding in such order as the Required Lenders may elect (but the Lenders agree to apply proceeds in an order that will minimize any Funding Loss); and (v) to the remaining Obligations in the order and manner the Required Lenders deem appropriate.

SECTION 3.12. SHARING OF PAYMENTS, ETC.

Except as otherwise specifically provided, (a) principal and interest payments on Borrowings shall be shared by the Lenders in accordance with their respective Commitment Percentages and (b) each other payment on the Obligations shall be shared by the Lenders in the proportion that the Obligations are owed to the Lenders on the date of the payment. If any Lender obtains any payment or prepayment with respect to the Obligations (whether voluntary, involuntary or otherwise, including, without limitation, as a result of exercising its Rights under Section 3.13) that exceeds the part of that payment or prepayment that it is then entitled to receive under the Credit Documents, then that Lender shall purchase from the other Lenders participations that will cause the purchasing Lender to share the excess payment or prepayment ratably with each other Lender. If all or any portion of any excess payment or prepayment is subsequently recovered from the purchasing Lender, then the purchase shall be rescinded and the purchase price restored to the extent of the recovery. The Borrower agrees that any purchase of a participation in any Borrowing from a Lender may, to the fullest extent lawful, exercise all of its Rights of payment (including the Right of offset) with respect to that participation as fully as if that purchaser were the direct creditor of the Borrower in the amount of that participation.

SECTION 3.13. OFFSET.

If an Event of Default has occurred and is continuing, each Lender is entitled to exercise (for the benefit of all the Lenders) the Rights of offset and banker's Lien against each and every account and other property, or any interest therein, that the Borrower or any Company, other than an Excluded Subsidiary, may now or hereafter have with, or which is now or hereafter in the

possession of, that Lender to the extent of the full amount of the Obligations then matured and owed (directly or participated) to it.

SECTION 3.14. BOOKING BORROWINGS.

To the extent lawful, any Lender may make, carry or transfer its Borrowings at, to or for the account of any of its branch offices or the office or branch of any of its Affiliates. However, no Affiliate or branch is entitled to receive any greater payment under Section 3.16 than the transferor Lender would have been entitled to receive with respect to those Borrowings, and a transfer may not be made if, as a direct result of it, Section 3.16 or 3.17 would apply to any of the Obligations. If any of the conditions of Sections 3.16 or 3.17 ever apply to a Lender, that Lender shall, to the extent possible, carry or transfer its Borrowings at, to or for the account of any of its branch offices or the office or branch of any of its Affiliates so long as the transfer is consistent with the other provisions of this section, does not create any burden or adverse circumstance for that Lender that would not otherwise exist, and eliminates or ameliorates the conditions of Section 3.16 or 3.17 as applicable.

SECTION 3.15. BASIS UNAVAILABLE OR INADEQUATE FOR LIBOR RATE.

If, on or before any date when a LIBOR Rate is to be determined for a Borrowing, the Administrative Agent reasonably determines that the basis for determining the applicable rate is not available or any Lender reasonably determines that the resulting rate does not accurately reflect the cost to that Lender of making or converting Borrowings at that rate for the applicable Interest Period, then the Administrative Agent shall promptly notify the Borrower and the Lenders of that determination (which is conclusive and binding on the Borrower absent manifest error) and the applicable Borrowing shall bear interest at the sum of the Base Rate plus the Applicable Margin. Until the Administrative Agent notifies the Borrower that those circumstances no longer exist, the Lenders' commitments under this Agreement to make, or to convert to, LIBOR Rate Borrowings, as the case may be, are suspended.

SECTION 3.16. ADDITIONAL COSTS.

(a) RESERVES. With respect to any LIBOR Rate Borrowing (i) if any change in any present Legal Requirement, any change in the interpretation or application of any present Legal Requirement, or any future Legal Requirement imposes, modifies or deems applicable (or if compliance by any Lender with any requirement of any Governmental Authority results in) any requirement that any reserves (including, without limitation, any marginal, emergency, supplemental or special reserves) be maintained (other than any reserve included in the LIBOR Reserve Percentage), and (ii) if those reserves reduce any sums receivable by that Lender under this Agreement or increase the costs incurred by that Lender in advancing or maintaining any portion of any LIBOR Rate Borrowing, then (A) that Lender (through the Administrative Agent) shall deliver to the Borrower a certificate setting forth in reasonable detail the calculation of the amount necessary to compensate it for its reduction or increase (which certificate is conclusive and binding absent manifest error), and (B) the Borrower shall pay that amount to that Lender within five Business Days after demand. The provisions of and undertakings and indemnification in this subsection (a) survive the satisfaction and payment of the Obligations and termination of this Agreement.

(b) CAPITAL ADEQUACY. With respect to any Borrowing, if any change in any present Legal Requirement (whether or not having the force of law), any change in the interpretation or application of any present Legal Requirement (whether or not having the force of law), or any future Legal Requirement (whether or not having the force of law) regarding capital adequacy, or if compliance by any Lender with any request, directive or requirement imposed in the future by any Governmental Authority regarding capital adequacy, or if any change by any Lender, its holding company, or its applicable lending office in its written policies or in the risk category of this transaction, in any of the foregoing events or circumstances, reduces the rate of return on its capital as a consequence of its obligations under this Agreement to a level below that which it otherwise could have achieved (taking into consideration its policies with respect to capital adequacy) by an amount deemed by it to be material (and it may, in determining the amount, utilize reasonable assumptions and allocations of costs and expenses and use any reasonable averaging or attribution method), then (unless the effect is already reflected in the rate of interest then applicable under this Agreement) the Administrative Agent or that Lender (through the Administrative Agent) shall notify the Borrower and deliver to the Borrower a certificate setting forth in reasonable detail the calculation of the amount necessary to compensate it (which certificate is conclusive and binding absent manifest error), and the Borrower shall pay that amount to the Administrative Agent or that Lender within five Business Days after demand. The provisions of and undertakings and indemnification in this subsection (b) shall survive the satisfaction and payment of the Obligations and termination of this Agreement.

(c) TAXES. Subject to Section 3.19, any Taxes payable by the Administrative Agent or any Lender or ruled (by a Governmental Authority) payable by the Administrative Agent or any Lender in respect of this Agreement or any other Credit Document shall, if permitted by Legal Requirement, be paid by the Borrower, together with interest and penalties, if any, except for Taxes payable on or measured by the overall net income or capital of the Administrative Agent or that Lender (or the Administrative Agent or that Lender, as the case may be, together with any other Person with whom the Administrative Agent or that Lender files a consolidated, combined, unitary or similar Tax return) and except for interest and penalties incurred as a result of the gross negligence or willful misconduct of the Administrative Agent or any Lender. The Administrative Agent or that Lender (through the Administrative Agent) shall notify the Borrower and deliver to the Borrower a certificate setting forth in reasonable detail the calculation of the amount of payable Taxes, which certificate is conclusive and binding (absent manifest error), and the Borrower shall pay that amount to the Administrative Agent for its account or the account of that Lender, as the case may be within five Business Days after demand. If the Administrative Agent or that Lender subsequently receives a refund of the Taxes paid to it by the Borrower, then the recipient shall promptly pay the refund to the Borrower.

SECTION 3.17. CHANGE IN LEGAL REQUIREMENTS.

If any Legal Requirement makes it unlawful for any Lender to make or maintain LIBOR Rate Borrowings, then that Lender shall promptly notify the Borrower and the Administrative Agent, and (a) as to undisbursed funds, that requested Borrowing shall be made as a Base Rate Borrowing, and (b) as to any outstanding Borrowing, (i) if maintaining the Borrowing until the last day of the applicable Interest Period is unlawful, then the Borrowing shall be converted to a Base Rate Borrowing as of the date of notice, in which event the Borrower will not be required to pay any related Funding Loss, or (ii) if not prohibited by Legal Requirement, then the

Borrowing shall be converted to a Base Rate Borrowing as of the last day of the applicable Interest Period, or (iii) if any conversion will not resolve the unlawfulness, then the Borrower shall promptly prepay the Borrowing, without penalty but with related Funding Loss.

SECTION 3.18. FUNDING LOSS.

The Borrower shall indemnify each Lender against, and pay to it within five Business Days following demand and delivery by such Lender to the Borrower of the certificate herein provided, any Funding Loss of that Lender. When any Lender demands that the Borrower pay any Funding Loss, that Lender shall deliver to the Borrower and the Administrative Agent a certificate setting forth in reasonable detail the basis for imposing Funding Loss and the calculation of the amount, which calculation is conclusive and binding absent manifest error. The provisions of and undertakings and indemnification in this section survive the satisfaction and payment of the Obligations and termination of this Agreement.

SECTION 3.19. FOREIGN LENDERS, PARTICIPANTS AND ASSIGNEES.

Each Lender, Participant (by accepting a participation interest under this Agreement) and Assignee (by executing an Assignment) that is not organized under the Legal Requirements of the United States of America or one of its states (a) represents to the Administrative Agent and the Borrower that (i) no Taxes are required to be withheld by the Administrative Agent or the Borrower with respect to any payments to be made to it in respect of the Obligations and (ii) it has furnished to the Administrative Agent and the Borrower two duly completed copies of either U.S. Internal Revenue Service Form W-8BEN or W-8ECI or any other form acceptable to the Administrative Agent and the Borrower that entitles it to a complete exemption from U.S. federal withholding Tax on all interest or fee payments under the Credit Documents, and (b) covenants to (i) provide the Administrative Agent and the Borrower a new Form W-8BEN or W-8ECI or other form acceptable to the Administrative Agent and the Borrower upon the expiration or obsolescence according to Legal Requirement of any previously delivered form, duly executed and completed by it, entitling it to a complete exemption from U.S. federal withholding Tax on all interest and fee payments under the Credit Documents, and (ii) comply from time to time with all Legal Requirements with regard to the withholding Tax exemption. If any of the foregoing is not true at any time or the applicable forms are not provided, then the Borrower and the Administrative Agent (without duplication) may deduct and withhold from interest and fee payments under the Credit Documents any Tax at the maximum rate under the IRC or other applicable Legal Requirement, and amounts so deducted and withheld shall be treated as paid to that Lender, Participant or Assignee, as the case may be, for all purposes under the Credit Documents.

SECTION 3.20. DISCHARGE AND REINSTATEMENT.

Each Company's obligations under the Credit Documents remain in full force and effect until no Lender has any commitment to extend credit under the Credit Documents and the Obligations are fully paid (except for provisions under the Credit Documents which by their terms expressly survive payment of the Obligations and termination of the Credit Documents). If any payment under any Credit Document is ever rescinded or must be restored or returned for

any reason, then all Rights and obligations under the Credit Documents in respect of that payment are automatically reinstated as though the payment had not been made when due.

ARTICLE IV
FEES

SECTION 4.1. TREATMENT OF FEES.

The fee described in this Article IV (a) is not compensation for the use, detention or forbearance of money, (b) is in addition to, and not in lieu of, interest and expenses otherwise described in this Agreement, (c) is payable in accordance with Section 3.1, (d) is non-refundable and (e) to the fullest extent permitted by Legal Requirement, bears interest, if not paid when due, at the Default Rate.

SECTION 4.2. COMMITMENT FEE.

The Borrower shall pay to the Administrative Agent for the account of each Lender a commitment fee equal to 0.20% of the average daily unused Commitments from the date hereof until the Termination Date, payable on the last day of each March, June, September and December, commencing on the first such date that follows the date hereof, and on the Termination Date.

ARTICLE V
CONDITIONS PRECEDENT

This Agreement shall not be effective unless the Administrative Agent has received all of the items described in Schedule 5. In addition, no Lender is obligated to fund (as opposed to continue or convert) any Borrowing unless on the date of the applicable Borrowing (and after giving effect to the requested Borrowing): (a) the Administrative Agent has timely received a properly completed and duly executed Borrowing Request; (b) all of the representations and warranties of the Companies in the Credit Documents are true and correct in all material respects (unless they speak to a specific date or are based on facts which have changed by transactions contemplated or expressly permitted by this Agreement); (c) no Material Adverse Event, Event of Default or Potential Default has occurred and is continuing; and (d) no limitation in Section 2.1 is or would be exceeded by the requested Borrowing. Each Borrowing Request, however delivered, constitutes the Borrower's representation and warranty that the conditions in subsections (b) through (d) above are satisfied. Upon the Administrative Agent's or any Lender's reasonable request, the Borrower shall deliver to the Administrative Agent or such Lender evidence substantiating any of the matters in the Credit Documents that are necessary to enable the Borrower to qualify for the requested Borrowing. Each condition precedent in this Agreement (including, without limitation, those on Schedule 5) is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent.

ARTICLE VI
GUARANTIES

The Borrower shall cause each Significant Subsidiary (other than any Excluded Subsidiary of the Borrower), whether now existing or in the future formed or acquired as permitted by the Credit Documents, to unconditionally guarantee the full payment and performance of the Obligations by execution of a Guaranty. Any Guaranty delivered by a Guarantor after the Closing Date pursuant to this Article VI shall be accompanied by (a) an opinion of counsel to such Guarantor as to the enforceability of such Guaranty and such other matters as the Administrative Agent may reasonably request, (b) certified copies of the Constituent Documents of such Guarantor, (c) certified copies of all corporate or partnership (as the case may be) authorizations and approvals of Governmental Authorities required in connection with the execution, delivery and performance by such Guarantor of such Guaranty, and (d) such other certificates, documents and other information regarding such Guarantor as the Administrative Agent may reasonably request.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

SECTION 7.1. PURPOSE.

The Borrower will use the proceeds of each Borrowing for (i) the acquisition of JGCC and (ii) capital expenditures relating to the improvement of JGCC's pipeline facilities. No Company is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any "margin stock" within the meaning of the Margin Regulations, and no part of the proceeds of any Borrowing will be used, directly or indirectly, for a purpose that violates any Legal Requirement, including the Margin Regulations.

SECTION 7.2. SUBSIDIARIES AND SIGNIFICANT SUBSIDIARIES.

Schedule 7.2 describes the Borrower, all of its direct and indirect Subsidiaries and all of its Significant Subsidiaries as of the date hereof.

SECTION 7.3. EXISTENCE, AUTHORITY AND GOOD STANDING.

Each Company (other than any Excluded Subsidiary) is duly organized, validly existing and in good standing under the Legal Requirements of its jurisdiction of formation. Except where not a Material Adverse Event, each such Company is duly qualified to transact business and is in good standing in each jurisdiction where the nature and extent of its business and properties require due qualification and good standing (each of which jurisdictions is identified on Schedule 7.2). Each Company (other than any Excluded Subsidiary) possesses all requisite authority and power to conduct its business as is now being conducted and as proposed under the

Credit Documents to be conducted and to own and operate its assets as now owned and operated and as proposed to be owned and operated under the Credit Documents.

SECTION 7.4. AUTHORIZATION AND CONTRAVENTION.

The execution and delivery by each Company of each Credit Document to which it is a party and the performance by it of its obligations under those Credit Documents (a) are within its corporate, partnership or comparable organizational powers, (b) have been duly authorized by all necessary corporate, partnership or comparable organizational action, (c) require no notice to, consents or approval of, action by or filing with, any Governmental Authority (except any action or filing that has been taken or made on or before the Closing Date), (d) do not violate any provision of any of its Constituent Documents, and (e) except violations that individually or collectively are not a Material Adverse Event, do not violate any provision of Legal Requirement applicable to it or any material agreement to which it is a party.

SECTION 7.5. BINDING EFFECT.

Upon execution and delivery by all parties to it, each Credit Document will constitute a legal and binding obligation of each Company party to it, enforceable against it in accordance with that Credit Document's terms except as that enforceability may be limited by Debtor Laws and general principles of equity.

SECTION 7.6. CURRENT FINANCIALS.

The Current Financials were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition, results of operations and cash flows of the Companies as of, and for the portion of the fiscal year ending on their dates (subject only to normal year-end adjustments for interim statements). Except for transactions directly related to, specifically contemplated by or expressly permitted by the Credit Documents, no material adverse changes have occurred in such consolidated financial condition from that shown in the Current Financials.

SECTION 7.7. SOLVENCY.

Each of the Borrower and each Guarantor is Solvent.

SECTION 7.8. LITIGATION.

Except as disclosed on Schedule 7.8 and matters covered (subject to reasonable and customary deductible and retention) by insurance or indemnification agreements as to which the insurer or indemnifying party, as applicable, has acknowledged liability, (a) no Company is subject to, or aware of the threat of, any Litigation that is reasonably likely to be determined adversely to any Company and, if so adversely determined, would be a Material Adverse Event, and (b) no outstanding and unpaid judgments against any Company exist that would be a Material Adverse Event.

SECTION 7.9. TAXES.

Except where not a Material Adverse Event, (a) all Tax returns of each Company required to be filed have been filed (or extensions have been granted) before delinquency, and (b) all Taxes imposed upon each Company that are due and payable have been paid before delinquency except as being contested as permitted by Section 8.5.

SECTION 7.10. COMPLIANCE WITH LAW AND ENVIRONMENTAL MATTERS.

Except as disclosed on Schedule 7.10, (a) no Company has received notice from any Governmental Authority that it has actual or potential Environmental Liability and no Company has knowledge that it has any Environmental Liability, which actual or potential Environmental Liability in either case constitutes a Material Adverse Event, and (b) no Company has received notice from any Governmental Authority that any Real Property is affected by, and no Company has knowledge that any Real Property is affected by, any Release of any Hazardous Substance which constitutes a Material Adverse Event. Further, except as otherwise provided in any Credit Document, each Company (other than any Excluded Subsidiary) is in compliance with clause (a) of Section 9.6.

SECTION 7.11. EMPLOYEE PLANS.

Except as disclosed on Schedule 7.11 or where not a Material Adverse Event, (a) no Employee Plan subject to ERISA has incurred an "accumulated funding deficiency" (as defined in Section 302 of ERISA or Section 512 of the IRC), (b) neither any Company nor any ERISA Affiliate has incurred liability, except for liabilities for premiums that have been paid or that are not past due, under ERISA to the PBGC in connection with any Employee Plan, (c) neither any Company nor any ERISA Affiliate has withdrawn in whole or in part from participation in a Multiemployer Plan in a manner that has given rise to a withdrawal liability under Title IV of ERISA, (d) neither the Borrower nor any ERISA Affiliate has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the IRC), (e) no "reportable event" (as defined in Section 4043 of ERISA) has occurred excluding events for which the notice requirement is waived under applicable PBGC regulations, (f) neither any Company nor any ERISA Affiliate has any liability, or is subject to any Lien, under ERISA or the IRC to or on account of any Employee Plan, (g) each Employee Plan subject to ERISA and the IRC complies in all material respects, both in form and operation, with ERISA and the IRC, and (h) no Multiemployer Plan subject to the IRC is in reorganization within the meaning of Section 418 of the IRC. None of the matters disclosed on Schedule 7.11 give rise to any other "reportable events", as defined above.

SECTION 7.12. DEBT.

No Company has any Debt except as described on Schedule 7.12 or otherwise incurred after the date hereof in accordance with this Agreement.

SECTION 7.13. PROPERTIES; LIENS.

Each Company (other than any Excluded Subsidiary) has good and indefeasible title to all of its property reflected on the Current Financials as being owned by it except for property

that is obsolete or that has been disposed of in the ordinary course of business between the date of the Current Financials and the date of this Agreement or, after the date of this Agreement, as permitted by Sections 9.8 and 9.9. No Lien exists on any property of any Company (other than any Excluded Subsidiary) except as described on Schedule 7.13 and other Permitted Liens. No Company (other than any Excluded Subsidiary) is party or subject to any agreement, instrument or order which in any way restricts any such Company's ability to allow Liens to exist upon any of its assets except relating to Permitted Liens.

SECTION 7.14. GOVERNMENTAL REGULATIONS.

No Company is subject to regulation under the Investment Company Act of 1940 or the Public Utility Holding Company Act of 1935.

SECTION 7.15. TRANSACTIONS WITH AFFILIATES.

Except as otherwise disclosed on Schedule 7.15 or permitted by Section 9.5, no Company is a party to a material transaction with any of its Affiliates.

SECTION 7.16. LEASES.

Except where not a Material Adverse Event, (a) each Company enjoys peaceful and undisturbed possession under all leases necessary for the operation of its properties and assets, and (b) all material leases under which any Company is a lessee are in full force and effect.

SECTION 7.17. LABOR MATTERS.

Except where not a Material Adverse Event, (a) no actual or threatened strikes, labor disputes, slow downs, walkouts, work stoppages or other concerted interruptions of operations that involve any employees employed at any time in connection with the business activities or operations at the Real Property exist, (b) hours worked by and payment made to the employees of any Company or any Predecessor have not been in violation of the Fair Labor Standards Act or any other applicable Legal Requirements pertaining to labor matters, (c) all payments due from any Company for employee health and welfare insurance, including, without limitation, workers compensation insurance, have been paid or accrued as a liability on its books, and (d) the business activities and operations of each Company are in compliance with OSHA and other applicable health and safety Legal Requirements.

SECTION 7.18. INTELLECTUAL PROPERTY.

Except where not a Material Adverse Event, (a) each Company owns or has the right to use all material licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications and trade names necessary to continue to conduct its businesses as presently conducted by it and proposed to be conducted by it immediately after the date of this Agreement, (b) each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others and (c) no infringement or claim of infringement by others of any material license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property of any Company exists.

SECTION 7.19. INSURANCE.

All insurance required under Section 8.9 is in full force and effect.

SECTION 7.20. RESTRICTIONS ON DISTRIBUTIONS.

Except as disclosed on Schedule 7.20, no Subsidiary (other than any Excluded Subsidiary) of the Borrower is subject to any restriction on such Subsidiary's ability to directly or indirectly declare, make or pay Distributions to the Borrower.

SECTION 7.21. FULL DISCLOSURE.

Each fact or condition relating to any Company's financial condition, business or property that is a Material Adverse Event has been disclosed in writing to the Administrative Agent. All information previously furnished by any Company to the Administrative Agent in connection with the Credit Documents (the "DISCLOSED INFORMATION") was (and all information furnished in the future by any Company to the Administrative Agent will be) true and accurate in all material respects. As of the Closing Date, the Disclosed Information taken as a whole, was not misleading in any material respect and did not omit to disclose any matter the failure of which to be disclosed would result in any information contained in the Disclosed Information being misleading in any material respect.

ARTICLE VIII
AFFIRMATIVE COVENANTS

Until the Commitments have been terminated and the Obligations have been fully paid and performed, the Borrower covenants and agrees with the Administrative Agent and the Lenders that, without first obtaining the Required Lenders' written consent to the contrary:

SECTION 8.1. CERTAIN ITEMS FURNISHED.

The Borrower shall furnish or shall cause the following to be furnished to each Lender:

(a) ANNUAL FINANCIALS OF THE BORROWER. Promptly after preparation but no later than 90 days after the last day of each fiscal year of the Borrower, Financials showing the consolidated financial condition and results of operations of the Borrower and its Subsidiaries as of, and for the year ended on, that last day setting forth in comparative form the figures for the previous fiscal year, accompanied by (i) the opinion, without material qualification, of KPMG LLP or other firm of nationally-recognized independent certified public accountants reasonably acceptable to the Required Lenders, based on an audit (other than in the case of consolidating Financials) using generally accepted auditing standards, that those Financials were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated and consolidating financial condition and results of operations of the Borrower and its Subsidiaries, and (ii) a related Compliance Certificate from a Responsible Officer, on behalf of the Borrower.

(b) QUARTERLY REPORTS. Promptly after preparation but no later than 45 days after the last day of (i) each of the first three fiscal quarters of the Borrower and the Companies each year,

Financials showing the consolidated financial condition and results of operations of the Borrower and its Subsidiaries for that fiscal quarter and for the period from the beginning of the current fiscal year to the last day of that fiscal quarter setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of the previous fiscal year, accompanied, in each case, by a related Compliance Certificate, together with a completed copy of the schedule to that certificate, signed by a Responsible Officer, on behalf of the Borrower and (ii) each fiscal quarter of the Borrower prior to the Completion Date, a report detailing the progress of the FINA/BASF Project, in form and substance satisfactory to the Administrative Agent.

(c) OTHER REPORTS. Promptly after preparation and distribution, accurate and complete copies of all reports and other material communications about material financial matters or material corporate plans or projections by or for any Company for distribution to any Governmental Authority or any creditor, other than credit, trade and other reports prepared and distributed in the ordinary course of business and information otherwise furnished to the Administrative Agent and the Lenders under this Agreement.

(d) EMPLOYEE PLANS. As soon as possible and within 30 days after any Company knows that any event which would constitute a reportable event under Section 4043(b) of Title IV of ERISA with respect to any Employee Plan subject to ERISA has occurred, or that the PBGC has instituted or will institute proceedings under ERISA to terminate that plan, deliver a certificate of a Responsible Officer of the Borrower setting forth details as to that reportable event and the action that the Borrower or an ERISA Affiliate, as the case may be, proposes to take with respect to it, together with a copy of any notice of that reportable event which may be required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its intent to institute those proceedings or any notice to the PBGC that the plan is to be terminated, as the case may be. For all purposes of this section, each Company is deemed to have all knowledge of all facts attributable to the plan administrator under ERISA.

(e) OTHER NOTICES. Notice, promptly after the Borrower knows, of (i) the existence and status of any Litigation that is reasonably likely to be adversely determined and, if determined adversely to any Company, would be a Material Adverse Event, (ii) any change in any material fact or circumstance represented or warranted by any Company in any Credit Document, (iii) an Event of Default or Potential Default, specifying the nature thereof and what action the Companies have taken, are taking or propose to take with respect to such event, (iv) any default or potential default under any FINA/BASF Contract, and (v) the Completion Date.

(f) OTHER INFORMATION. Promptly when reasonably requested by the Administrative Agent or any Lender, such reasonable information (not otherwise required to be furnished under this Agreement) about any Company's business affairs, assets and liabilities.

SECTION 8.2. USE OF CREDIT.

The Borrower shall use the proceeds of Borrowings only for the purposes specified in this Agreement.

SECTION 8.3. BOOKS AND RECORDS.

The Borrower shall, and shall cause each other Company to, maintain books, records, and accounts necessary to prepare Financials in accordance with GAAP.

SECTION 8.4. INSPECTIONS.

Upon reasonable request and subject to compliance with applicable safety standards, with contractual privilege and non-disclosure agreements, and with the same conditions applicable to any Company in respect of property of that Company on the premises of other Persons, the Borrower shall, and shall cause each other Company to, allow the Administrative Agent or any Lender (or their respective Representatives) to inspect any of its properties, to review reports, files and other records and to make and take away copies thereof, to conduct reasonable tests or investigations, and to discuss any of its affairs, conditions and finances with its other creditors, directors, officers, employees or representatives from time to time, during reasonable business hours.

SECTION 8.5. TAXES.

The Borrower shall, and shall cause each other Company to, promptly pay when due any and all Taxes except Taxes that are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and in respect of which levy and execution of any Lien sufficient to be enforced has been and continues to be stayed.

SECTION 8.6. PAYMENT OF MATERIAL OBLIGATIONS.

The Borrower shall, and shall cause each other Company (other than any Excluded Subsidiary) to, promptly pay (or renew and extend) all of its material obligations as they become due (unless the obligations are being contested in good faith by, if required, appropriate proceedings).

SECTION 8.7. EXPENSES.

Within ten Business Days after demand accompanied by an invoice describing the costs, fees and expenses in reasonable detail (and subject to any limitations separately agreed to in writing by the Borrower and the Administrative Agent in respect of costs, fees and expenses of the Administrative Agent or any of its Representatives), the Borrower shall pay (a) all costs, fees and reasonable expenses paid or incurred by the Administrative Agent incident to any Credit Document (including the reasonable fees and expenses of the Administrative Agent's counsel in connection with the negotiation, preparation, delivery and execution of the Credit Documents and any related amendment, waiver or consent) and (b) all reasonable costs and expenses incurred by the Administrative Agent or any Lender in connection with the enforcement of the obligations of any Company under the Credit Documents or the exercise of any Rights under the Credit Documents (including reasonable attorneys' fees and court costs), all of which are part of the Obligations, bearing interest (if not paid within ten Business Days after demand accompanied by an invoice describing the costs, fees and expenses in reasonable detail) on the portion thereof from time to time unpaid at the Default Rate until paid.

SECTION 8.8. MAINTENANCE OF EXISTENCE, ASSETS AND BUSINESS.

The Borrower shall, and shall cause each other Company (other than any Excluded Subsidiary) to, (a) except in connection with dispositions permitted under Section 9.8, mergers, consolidations and dissolutions permitted under Section 9.9 and statutory conversions to another form of entity as permitted by applicable Legal Requirements, maintain its existence and good standing in its state of formation, and (b) except where not a Material Adverse Event, (i) maintain its authority to transact business and good standing in all other states, (ii) maintain all licenses, permits and franchises (including Environmental Permits) necessary for its business, and (iii) keep all of its material assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements.

SECTION 8.9. INSURANCE.

The Borrower shall, and shall cause each other Company (other than any Excluded Subsidiary) to, at its cost and expense, maintain with financially sound, responsible and reputable insurance companies or associations (or, as to workers' compensation or similar insurance, with an insurance fund or by self-insurance authorized by the jurisdictions in which it operates) insurance concerning its properties and businesses against casualties and contingencies and of types and in amounts (and with co-insurance and deductibles) as is customary in the case of similar businesses.

SECTION 8.10. ENVIRONMENTAL MATTERS.

The Borrower shall, and shall cause each other Company to, (a) operate and manage its businesses and otherwise conduct its affairs in compliance with all Environmental Laws and Environmental Permits except to the extent noncompliance does not constitute a Material Adverse Event, (b) promptly deliver to the Administrative Agent a copy of any notice received from any Governmental Authority alleging that any such Company is not in compliance with any Environmental Law or Environmental Permit if the allegation constitutes a Material Adverse Event, and (c) promptly deliver to the Administrative Agent a copy of any notice received from any Governmental Authority alleging that any such Company has any potential Environmental Liability if the allegation constitutes a Material Adverse Event.

SECTION 8.11. INDEMNIFICATION.

(a) AS USED IN THIS SECTION: (I) "INDEMNITEE" MEANS THE ADMINISTRATIVE AGENT, EACH LENDER, EACH PRESENT AND FUTURE AFFILIATE (WITH WHICH ANY COMPANY HAS ENTERED INTO A WRITTEN CONTRACTUAL ARRANGEMENT) OF THE ADMINISTRATIVE AGENT OR ANY LENDER, EACH PRESENT AND FUTURE REPRESENTATIVE OF THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY OF THOSE AFFILIATES AND EACH PRESENT AND FUTURE SUCCESSOR AND PERMITTED ASSIGN OF THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY OF THOSE AFFILIATES OR REPRESENTATIVES; AND (II) "INDEMNIFIED LIABILITIES" MEANS ALL KNOWN AND UNKNOWN, FIXED AND CONTINGENT, ADMINISTRATIVE, INVESTIGATIVE,

JUDICIAL AND OTHER CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, INVESTIGATIONS, SUITS, PROCEEDINGS, AMOUNTS PAID IN SETTLEMENT, DAMAGES, JUDGMENTS, PENALTIES, COURT COSTS, LIABILITIES AND OBLIGATIONS AND ALL COSTS AND REASONABLE EXPENSES AND DISBURSEMENTS (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND EXPENSES WHETHER OR NOT SUIT OR OTHER PROCEEDING EXISTS OR ANY INDEMNITEE IS PARTY TO ANY SUIT OR OTHER PROCEEDING) IN ANY WAY RELATED TO ANY OF THE FOREGOING -- THAT MAY AT ANY TIME BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE AND IN ANY WAY ARISING OUT OF ANY (A) CREDIT DOCUMENT, TRANSACTION CONTEMPLATED BY ANY CREDIT DOCUMENT OR REAL PROPERTY, (B) ENVIRONMENTAL LIABILITY IN ANY WAY RELATED TO ANY COMPANY, PREDECESSOR, REAL PROPERTY OR ACT, OMISSION, STATUS, OWNERSHIP OR OTHER RELATIONSHIP, CONDITION OR CIRCUMSTANCE CONTEMPLATED BY, CREATED UNDER OR ARISING PURSUANT TO OR IN CONNECTION WITH ANY CREDIT DOCUMENT, OR (C) INDEMNITEE'S SOLE OR CONCURRENT ORDINARY NEGLIGENCE.

(b) THE BORROWER SHALL INDEMNIFY EACH INDEMNITEE FROM AND AGAINST, PROTECT AND DEFEND EACH INDEMNITEE FROM AND AGAINST, HOLD EACH INDEMNITEE HARMLESS FROM AND AGAINST, AND ON DEMAND PAY OR REIMBURSE EACH INDEMNITEE FOR, ALL INDEMNIFIED LIABILITIES.

(c) THE FOREGOING PROVISIONS (i) ARE NOT LIMITED IN AMOUNT EVEN IF THAT AMOUNT EXCEEDS THE OBLIGATIONS, (ii) INCLUDE, WITHOUT LIMITATION, REASONABLE FEES AND EXPENSES OF ATTORNEYS AND OTHER COSTS AND EXPENSES OF LITIGATION OR PREPARING FOR LITIGATION AND DAMAGES OR INJURY TO PERSONS, PROPERTY OR NATURAL RESOURCES ARISING UNDER ANY STATUTORY OR COMMON LEGAL REQUIREMENT, PUNITIVE DAMAGES, FINES AND OTHER PENALTIES, AND (iii) ARE NOT AFFECTED BY THE SOURCE OR ORIGIN OF ANY HAZARDOUS SUBSTANCE, AND (iv) ARE NOT AFFECTED BY ANY INDEMNITEE'S INVESTIGATION, ACTUAL OR CONSTRUCTIVE KNOWLEDGE, COURSE OF DEALING OR WAIVER.

(d) HOWEVER, NO INDEMNITEE IS ENTITLED TO BE INDEMNIFIED UNDER THE CREDIT DOCUMENTS FOR ITS OWN SOLE GROSS NEGLIGENCE OR SOLE WILLFUL MISCONDUCT.

ARTICLE IX
NEGATIVE COVENANTS

Until the Commitments have been terminated and the Obligations have been fully paid and performed, the Borrower covenants and agrees with the Administrative Agent and the Lenders that, without first obtaining the Required Lenders' consent to the contrary:

SECTION 9.1. DEBT.

The Borrower will not cause or permit any other Company to, create, incur, assume or suffer to exist any Debt except the following (the "PERMITTED DEBT"):

(a) SUBSIDIARY GUARANTIES. Guaranties of any Debt of the Borrower.

(b) PERMITTED NON-RECOURSE DEBT. Permitted Non-Recourse Debt.

(c) CENTENNIAL GUARANTY. Upon the acquisition by TE Products of a one-third interest in the Centennial Pipeline Project, Debt arising under the Centennial Guaranty.

(d) ADDITIONAL DEBT. Additional Debt not described in clauses (a) through (c) above incurred by the Guarantors in an aggregate principal amount not to exceed $25,000,000.

(e) EXISTING DEBT. The Debt described on Schedule 7.12, together with all renewals, extensions, amendments, modifications and refinancings of (but not any principal increases to) any of such Debt.

SECTION 9.2. PREPAYMENTS.

The Borrower will not, and will not cause or permit any other Company, other than an Excluded Subsidiary, to, prepay or redeem or cause to be prepaid or redeemed any principal of, or any interest on, any of its Debt except (a) the Obligations and (b) any of its other Debt if (i) no Event of Default or Potential Default has occurred and is continuing immediately before, or will occur as a result of (or otherwise will occur immediately after), the prepayment or redemption, and (ii) in respect of any prepayment or redemption of the Senior Notes, the Borrower concurrently prepays to the Lenders Borrowings in a principal amount that is in the same proportion to the total principal amount of Borrowings outstanding immediately before such prepayment as the amount of principal of the Senior Notes then being prepaid or redeemed bears to the total principal amount of the Senior Notes immediately before such prepayment or redemption in accordance with Section 3.2(c)(iv).

SECTION 9.3. LIENS.

The Borrower will not, and will not cause or permit any other Company: (a) to create, incur or suffer or permit to be created or incurred or to exist any Lien upon any of its assets except Permitted Liens or (b) to enter into or permit to exist any arrangement or agreement that directly or indirectly prohibits any Company from creating or incurring any Lien on any of its assets except (i) the Credit Documents, (ii) any lease that places a Lien prohibition on only the property subject to that lease and (iii) arrangements and agreements that apply only to property subject to Permitted Liens. The following are "PERMITTED LIENS":

(a) EXISTING LIENS. The Liens existing on the date of this Agreement and described on Schedule 7.13 and any renewal, extension, amendment or modification of any of such Lien, provided that the total principal amount secured by any such Lien never exceeds the total principal amount secured by such Lien on the date of this Agreement.

(b) THIS TRANSACTION. Liens, if any, ever granted to the Administrative Agent in favor of the Lenders to secure all of any part of the Obligations.

(c) BONDS. Liens securing any industrial development, pollution control or similar revenue bonds that never exceed a total principal amount of $25,000,000.

(d) FORECLOSED PROPERTIES. Liens existing on any property acquired by any Company in connection with the foreclosure or other exercise of its Lien on the property.

(e) SETOFFS. Rights of set off or recoupment and banker's Liens, subject to any limitations imposed upon them in the Credit Documents.

(f) INSURANCE. Pledges or deposits made to secure payment of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions or other social security programs.

(g) BIDS AND BONDS. Good faith pledges or deposits (i) for 10% or less of the amounts due under (and made to secure) any Company's performance of bids, tenders, contracts (except for the repayment of borrowed money), (ii) in respect of any operating lease, that are for up to but not more than the greater of either 10% of the total rental obligations for the term of the lease or 50% of the total rental obligations payable during the first year of the lease, or (iii) made to secure statutory obligations, surety or appeal bonds, or indemnity, performance or other similar bonds benefiting any Company in the ordinary course of its business.

(h) PERMITS. Conditions in any permit, license or order issued by a Governmental Authority for the ownership and operation of a pipeline that do not materially impair the ownership or operation of such pipeline.

(i) PROPERTY RESTRICTIONS. Zoning and similar restrictions on the use of, and easements, restrictions, covenants, title defects and similar encumbrances on, any Real Property or pipeline right-of-way that (i) do not materially impair the Company's use of the Real Property or pipeline right-of-way and (ii) are not violated by existing structures (including the pipeline) or current land use.

(j) EMINENT DOMAIN. The Right reserved to, or vested in, any Governmental Authority (or granted by a Governmental Authority to another Person) by the terms of any Right, franchise, grant, license, permit or Legal Requirements to purchase or recapture, or to designate a purchaser of, any property.

(k) INCHOATE LIENS. If no Lien has been filed in any jurisdiction or agreed to, (i) claims and Liens for Taxes not yet due and payable, (ii) mechanic's Liens and materialman's Liens for services or materials and similar Liens incident to construction and maintenance of real property, in each case for which payment is not yet due and payable, (iii) landlord's Liens for rental not yet due and payable, and (iv) Liens of warehousemen and carriers and similar Liens securing obligations that are not yet due and payable.

(l) PERMITTED NON-RECOURSE DEBT. Liens securing obligations in respect of Permitted Non-Recourse Debt of any Subsidiary of the Borrower.

(m) MISCELLANEOUS. Any of the following to the extent that the validity or amount is being contested in good faith and by appropriate and lawful proceedings diligently conducted, reserve or other appropriate provision (if any) required by GAAP has been made, levy and execution has not issued or continues to be stayed, and they do not individually or collectively detract materially from the value of the property of the Company in question or materially impair the use of that property in the operation of its business: (i) claims and Liens for Taxes; (ii) claims and Liens upon, and defects of title to, real or personal property, including any attachment of personal or real property or other legal process before adjudication of a dispute on the merits; (iii) claims and Liens of mechanics, materialmen, warehousemen, carriers, landlords or other similar Liens; (iv) Liens incident to construction and maintenance of real property; and (v) adverse judgments, attachments or orders on appeal for the payment of money.

SECTION 9.4. EMPLOYEE PLANS.

Except as disclosed on Schedule 7.11 or where not a Material Adverse Event, the Borrower will not, and will not cause or permit any other Company to, permit any of the events or circumstances described in Section 7.11 to exist or occur.

SECTION 9.5. TRANSACTIONS WITH AFFILIATES.

The Borrower will not, and will not cause or permit any other Company to, enter into any material transaction with any of its Affiliates except (a) those described on Schedule 7.15, (b) transactions between the Borrower and a Guarantor, (c) transactions permitted under Section 9.1 or 9.7, (d) transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate, and (e) compensation arrangements in the ordinary course of business with directors and officers of the Companies.

SECTION 9.6. COMPLIANCE WITH LEGAL REQUIREMENTS AND DOCUMENTS.

The Borrower will not, and will not cause or permit any other Company to: (a) violate the provisions of any Legal Requirements (including, without limitation, OSHA and Environmental Laws) applicable to it or of any material agreement to which it is a party if that violation alone, or when aggregated with all other violations of Legal Requirements or other material agreements, would be a Material Adverse Event, (b) violate in any material respect any provision of its Constituent Documents, or (c) repeal, replace or amend any provision of its Constituent Documents if that action would be a Material Adverse Event.

SECTION 9.7. DISTRIBUTIONS.

The Borrower will not, and will not cause or permit any other Company to declare, make or pay any Distribution other than (a) Distributions from any Subsidiary of the Borrower to the Borrower and the other owners (if any) of Equity Interests in such Subsidiary, and (b) Distributions by the Borrower that (i) will not violate its Constituent Documents and (ii) do not exceed "Available Cash" as defined in the Borrower's Agreement of Limited Partnership, in

each case, so long as no Event of Default or Potential Default has occurred and is continuing or will occur as a result of such Distribution.

SECTION 9.8. DISPOSITION OF ASSETS.

The Borrower will not, and will not cause or permit any other Company (other than any Excluded Subsidiary) to, sell, assign, lease, transfer or otherwise dispose of any of its assets (including equity interests in any other Company) other than (a) pursuant to the Aerie Leases, (b) dispositions in the ordinary course of business for a fair and adequate consideration, (c) dispositions to any other Company that is a Guarantor, (d) dispositions to any Excluded Subsidiary in connection with a transaction involving the issuance by such Excluded Subsidiary of Permitted Non-Recourse Debt for the purposes described in clause (ii) of the definition of "Permitted Non-Recourse Debt", (e) dispositions of assets that are obsolete or are no longer in use and are not significant to the continuation of such Company's business and (f) any other disposition of assets, provided that the Borrower is in compliance with Section 3.2(c), if applicable, with respect to such disposition of assets.

SECTION 9.9. MERGERS, CONSOLIDATIONS AND DISSOLUTIONS.

The Borrower will not, and will not cause or permit any other Company (other than any Excluded Subsidiary) to, merge or consolidate with any other Person or dissolve, except (a) so long as no Event of Default or Potential Default has occurred and is continuing or will occur as a result of such transaction, any merger or consolidation involving one or more Companies (so long as, if the Borrower is involved, it is the survivor), and (b) dissolution of any Company (other than the Borrower) if substantially all of its assets have been conveyed to any Company or disposed of as permitted in Section 9.8.

SECTION 9.10. AMENDMENT OF CONSTITUENT DOCUMENTS.

The Borrower will not, and will not cause or permit any other Company (other than any Excluded Subsidiary) to, materially amend or modify its Constituent Documents.

SECTION 9.11. ASSIGNMENT.

The Borrower will not, and will not cause or permit any other Company to, assign or transfer any of its Rights, duties or obligations under any of the Credit Documents.

SECTION 9.12. FISCAL YEAR AND ACCOUNTING METHODS.

The Borrower will not, and will not cause or permit any other Company to, change its fiscal year for accounting purposes or any material aspect of its method of accounting except to conform any new Subsidiary's accounting methods to the Borrower's accounting methods.

SECTION 9.13. NEW BUSINESS.

The Borrower will not, and will not cause or permit any other Company to, engage in any business except the businesses in which it is presently engaged and any other reasonably related business.

SECTION 9.14. GOVERNMENT REGULATIONS.

The Borrower will not, and will not cause or permit any other Company to, conduct its business in a way that causes the Borrower or such Company to become regulated under the Investment Company Act of 1940 or the Public Utility Holding Company Act of 1935.

SECTION 9.15. SENIOR NOTES.

The Borrower will not, and will not cause or permit any other Company to, (i) secure the obligations of any Company under the Senior Notes or the related Indenture, (ii) increase the principal amount of the Senior Notes, (iii) amend or modify any scheduled date of payment of principal under the Senior Notes or the related Indenture, or (iv) increase the stated rate of any interest applicable to the Senior Notes.

SECTION 9.16. STRICT COMPLIANCE.

The Borrower will not, and will not cause or permit any other Company to, do indirectly anything that it may not do directly under any covenant in any Credit Document.

SECTION 9.17. RESTRICTIVE AGREEMENTS.

The Borrower will not, and will not cause or permit any other Company to, enter into any agreement, contract, arrangement or other obligation if the effect of such agreement, contract, arrangement or other obligation is (a) to impose any restriction, other than in connection with the issuance by any Subsidiary of the Borrower of Permitted Non-Recourse Debt, on the ability of any such Subsidiary to make or declare Distributions to the holders of its Equity Interests that is more restrictive than the restrictions that are in effect on the date of this Agreement and disclosed on Schedule 7.20 or (b) to restrict the ability of any Company to create or maintain Liens on its assets in favor of the Administrative Agent and the Lenders to secure, in whole or part, the Obligations, except with respect to (i) agreements, contracts, arrangements or other obligations of any Subsidiary of the Borrower acquired by the Borrower or any Subsidiary of the Borrower after the date hereof to the extent that such acquired Subsidiary was a party to such agreements, contracts, arrangements or other obligations prior to its acquisition by the Borrower or any Subsidiary of the Borrower and (ii) the issuance by any Subsidiary of the Borrower of Permitted Non-Recourse Debt.

ARTICLE X
FINANCIAL COVENANTS

Until the Commitments have been terminated and the Obligations have been fully paid and performed, the Borrower covenants and agrees with the Administrative Agent and the Lenders that, without first obtaining the Required Lenders' consent to the contrary:

SECTION 10.1. MINIMUM NET WORTH.

As of the last day of each fiscal quarter of the Borrower, Consolidated Net Worth will not be less than the sum of (a) 80% of Consolidated Net Worth as of December 31, 2000, plus (b) 100% of the Net Cash Proceeds of all Equity Events occurring after December 31, 2000.

SECTION 10.2. MAXIMUM FUNDED DEBT TO PRO FORMA EBITDA.

As of the last day of each fiscal quarter of the Borrower, the ratio of Consolidated Funded Debt to Pro Forma EBITDA for the period consisting of four consecutive fiscal quarters taken as a single accounting period and ending on such day will be less than the amount specified below for such fiscal quarter:

QUARTER(S) ENDING	RATIO
09/30/01 through 12/31/01	5.00 to 1.00
03/31/02 and thereafter	4.50 to 1.00

SECTION 10.3. FIXED CHARGE COVERAGE RATIO.

As of the last day of each fiscal quarter of the Borrower, the ratio of (a) EBITDA of the Borrower to (b) the sum of Interest Expense of the Borrower and Maintenance Capital Expenditures of the Borrower, in each case, (x) for the four consecutive fiscal quarters taken as a single accounting period and ending on such day and (y) excluding Interest Expense and Maintenance Capital Expenditures of any Excluded Subsidiary of the Borrower, will not be less than 1.75 to 1.00.

ARTICLE XI
EVENTS OF DEFAULT

The term "EVENT OF DEFAULT" means the occurrence of any one or more of the following:

SECTION 11.1. PAYMENT OF OBLIGATIONS.

The Borrower's failure or refusal to pay (a) principal of any Note on or before the date due or (b) any other part of the Obligations (including fees due under the Credit Documents) on or before three Business Days after the date due.

SECTION 11.2. COVENANTS.

Any Company's failure or refusal to punctually and properly perform, observe and comply with any covenant (other than covenants to pay the Obligations) applicable to it:

(a) In Article 9 or 10; or

(b) In Section 8.1, and such failure or refusal continues for ten days after the earlier of (i) any Company's obtaining knowledge of such failure or refusal and (ii) any Company's being notified of such failure or refusal by the Administrative Agent or any Lender; or

(c) In any other provision of any Credit Document, and that failure or refusal continues for 30 days after the earlier of (i) any Company's obtaining knowledge of such failure or refusal and (ii) any Company's being notified of such failure or refusal by the Administrative Agent or any Lender.

SECTION 11.3. DEBTOR RELIEF.

The Borrower or any Significant Subsidiary (a) is not Solvent, (b) fails to pay its Debts generally as they become due, (c) voluntarily seeks, consents to or acquiesces in the benefit of any Debtor Law, or (d) becomes a party to or is made the subject of any proceeding (except as a creditor or claimant) provided for by any Debtor Law (unless, if the proceeding is involuntary, the applicable petition is dismissed within 60 days after its filing).

SECTION 11.4. JUDGMENTS AND ATTACHMENTS.

Where the amounts in controversy or of any judgments, as the case may be, exceed (from and after the date hereof and individually or collectively) $25,000,000 for the Borrower or TE Products or $1,000,000 for any other Company, and such Person fails (a) to have discharged, within 60 days after its commencement, any attachment, sequestration or similar proceeding against any of its assets or (b) to pay any money judgment against it within ten days before the date on which any of its assets may be lawfully sold to satisfy that judgment.

SECTION 11.5. GOVERNMENT ACTION.

Either (a) a final non-appealable order is issued by any Governmental Authority (including the United States Justice Department) seeking to cause any Company (other than any Excluded Subsidiary) to divest a significant portion of its assets under any antitrust, restraint of trade, unfair competition, industry or similar Legal Requirements, or (b) any Governmental Authority condemns, seizes or otherwise appropriates or takes custody or control of all or any substantial portion of any Company's (other than any Excluded Subsidiary) assets and, in either case, such event constitutes a Material Adverse Event.

SECTION 11.6. MISREPRESENTATION.

Any representation or warranty made by any Company in any Credit Document at any time proves to have been materially incorrect when made.

SECTION 11.7. CHANGE OF CONTROL.

Any one or more of the following occurs or exists: (a) the Borrower ceases to own at least 98.9899% of the limited partner interests in TE Products or TCTM; or (b) Texas Eastern or any other Subsidiary of Duke Energy Corporation or Duke Energy Field Services Corporation ceases to be the sole general partner of the Borrower, TCTM or TE Products.

SECTION 11.8. OTHER DEBT.

In respect of the Senior Notes or any other Debt owed by any Company (other than the Obligations) individually or collectively of at least $10,000,000 (a) any Company fails to make

any payment when due (inclusive of any grace, extension, forbearance or similar period), or (b) any default or other event or condition occurs or exists beyond the applicable grace or cure period, the effect of which is to cause or to permit any holder of that Debt to cause (whether or not it elects to cause) any of that Debt to become due before its stated maturity or regularly scheduled payment dates, or (c) any of that Debt is declared to be due and payable or required to be prepaid by any Company before its stated maturity.

SECTION 11.9. FINA/BASF CONTRACTS.

Any default or other condition or event shall occur and be continuing under any FINA/BASF Contract that constitutes a Material Adverse Event.

SECTION 11.10. VALIDITY AND ENFORCEABILITY.

Once executed, this Agreement, any Note or Guaranty ceases to be in full force and effect in any material respect or is declared to be null and void or its validity or enforceability is contested in writing by any Company party to it or any Company party to it denies in writing that it has any further liability or obligations under it except in accordance with that document's express provisions or as the appropriate parties under Section 14.8 below may otherwise agree in writing.

SECTION 11.11. HEDGING AGREEMENTS.

In respect of any obligation under any Hedging Agreement entered into by any Company individually or collectively of at least $10,000,000 (a) any Company fails to make any payment when due (inclusive of any grace, extension, forbearance or similar period), the effect of which is to cause (whether or not it elects to cause) any of the obligations under such Hedging Agreement to become due before its stated payment date, or (b) any default or other event or condition occurs or exists beyond the applicable grace or cure period, the effect of which is to cause (whether or not it elects to cause) any of the obligations under such Hedging Agreement to become due before its stated payment date or (c) any such obligation is declared to be due and payable or required to be prepaid by any Company before its stated payment date.

ARTICLE XII
RIGHTS AND REMEDIES

SECTION 12.1. REMEDIES UPON EVENT OF DEFAULT.

(a) DEBTOR RELIEF. Upon the occurrence of an Event of Default under Section 11.3, the Commitments shall automatically terminate, and the entire outstanding principal amount of the Borrowings and all other accrued and unpaid portions of the Obligations shall automatically become due and payable without any action of any kind whatsoever.

(b) OTHER EVENTS OF DEFAULT. If any Event of Default has occurred and is continuing, subject to the terms of Section 13.5(b), the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower, do any one or more of the following: (i) If the maturity of the Obligations has not already been accelerated under

Section 12.1(a), declare the outstanding principal amount of the Borrowings and all other accrued and unpaid portion of the Obligations immediately due and payable, whereupon they shall be due and payable; (ii) terminate the Commitments; (iii) reduce any claim to judgment and (iv) exercise any and all other legal or equitable Rights afforded by the Credit Documents, by applicable Legal Requirements, or in equity.

(c) OFFSET. If an Event of Default has occurred and is continuing, to the extent lawful, upon notice to the Borrower, each Lender may exercise the Rights of offset and banker's lien against each and every account and other property, or any interest therein, which the Borrower may now or hereafter have with, or which is now or hereafter in the possession of, such Lender to the extent of the full amount of the Obligations then matured and owed to that Lender.

SECTION 12.2. COMPANY WAIVERS.

To the extent lawful, the Borrower waives all other presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration and notice of protest and nonpayment and agrees that its liability with respect to all or any part of the Obligations is not affected by any renewal or extension in the time of payment of all or any part of the Obligations, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligations.

SECTION 12.3. NOT IN CONTROL.

Nothing in any Credit Documents gives or may be deemed to give to the Administrative Agent or any Lender the Right to exercise control over any Company's Real Property, other assets, affairs or management or to preclude or interfere with any Company's compliance with any Legal Requirement or require any act or omission by any Company that may be harmful to Persons or property. Any "Material Adverse Event" or other materiality or substantiality qualifier of any representation, warranty, covenant, agreement or other provision of any Credit Document is included for credit documentation purposes only and does not imply or be deemed to mean that the Administrative Agent or any Lender acquiesces in any non-compliance by any Company with any Legal Requirement, document, or otherwise or does not expect the Companies to promptly, diligently and continuously carry out all appropriate removal, remediation, compliance, closure or other activities required or appropriate in accordance with all Environmental Laws. The Administrative Agent's and the Lenders' power is limited to the Rights provided in the Credit Documents. All of those Rights exist solely (and may be exercised in manner calculated by the Administrative Agent or the Lenders in their respective good faith business judgment) to assure payment and performance of the Obligations.

SECTION 12.4. COURSE OF DEALING.

The acceptance by the Administrative Agent or the Lenders of any partial payment on the Obligations is not a waiver of any Event of Default then existing. No waiver by the Administrative Agent the Required Lenders or the Lenders of any Event of Default is a waiver of any other then-existing or subsequent Event of Default. No delay or omission by the Administrative Agent, the Required Lenders or the Lenders in exercising any Right under the Credit Documents impairs that Right or is a waiver thereof or any acquiescence therein, nor will

any single or partial exercise of any Right preclude other or further exercise thereof or the exercise of any other Right under the Credit Documents or otherwise.

SECTION 12.5. CUMULATIVE RIGHTS.

All Rights available to the Administrative Agent, the Required Lenders and the Lenders under the Credit Documents are cumulative of and in addition to all other Rights granted to the Administrative Agent, the Required Lenders and the Lenders at law or in equity, whether or not the Obligations are due and payable and whether or not the Administrative Agent, the Required Lenders or the Lenders have instituted any suit for collection, foreclosure or other action in connection with the Credit Documents.

SECTION 12.6. APPLICATION OF PROCEEDS.

Any and all proceeds ever received by the Administrative Agent or the Lenders from the exercise of any Rights pertaining to the Obligations shall be applied to the Obligations according to Section 3.11.

SECTION 12.7. EXPENDITURES BY LENDERS.

Any costs and reasonable expenses spent or incurred by the Administrative Agent or any Lender in the exercise of any Right under any Credit Document shall be payable by the Borrower to the Administrative Agent within ten Business Days after such Person made demand for payment of such amount from Borrower, accompanied by copies of supporting invoices or statements (if any), shall become part of the Obligations and shall bear interest at the Default Rate from the date spent until the date repaid.

SECTION 12.8. LIMITATION OF LIABILITY.

Neither the Administrative Agent nor any Lender shall be liable to any Company for any amounts representing indirect, special or consequential damages suffered by any Company, except where such amounts are based substantially on willful misconduct by the Administrative Agent or such Lender, but then only to the extent any damages resulting from such willful misconduct are covered by the Administrative Agent's or the Lender's fidelity bond or other insurance.

ARTICLE XIII
ADMINISTRATIVE AGENT AND LENDERS

SECTION 13.1. THE ADMINISTRATIVE AGENT.

(a) APPOINTMENT. Each Lender appoints the Administrative Agent (including, without limitation, each successor Administrative Agent in accordance with this Section 13.1) as its nominee and agent to act in its name and on its behalf (and the Administrative Agent and each such successor accepts that appointment): (i) To act as its nominee and on its behalf in and under all Credit Documents; (ii) to arrange the means whereby its funds are to be made available to the Borrower under the Credit Documents; (iii) to take any action that it properly requests

under the Credit Documents (subject to the concurrence of other Lenders as may be required under the Credit Documents); (iv) to receive all documents and items to be furnished to it under the Credit Documents; (v) to be the secured party, mortgagee, beneficiary, recipient and similar party in respect of any collateral for the benefit of the Lenders (at any time an Event of Default or Potential Default has occurred and is continuing); (vi) to promptly distribute to it all material information, requests, documents and items received from any Company under the Credit Documents; (vii) to promptly distribute to it its ratable part of each payment or prepayment (whether voluntary, as proceeds of collateral upon or after foreclosure, as proceeds of insurance thereon or otherwise) in accordance with the terms of the Credit Documents; and (viii) to deliver to the appropriate Persons requests, demands, approvals and consents received from it. The Administrative Agent, however, may not be required to take any action that exposes it to personal liability or that is contrary to any Credit Document or applicable Legal Requirement.

(b) SUCCESSOR. The Administrative Agent may, subject (at any time no Event of Default or Potential Default has occurred and is continuing) to the Borrower's prior written consent that may not be unreasonably withheld, assign all of its Rights and obligations as the Administrative Agent under the Credit Documents to any of its Affiliates, which Affiliate shall then be the successor Administrative Agent under the Credit Documents. The Administrative Agent may also, upon 30 days' prior notice to the Borrower, voluntarily resign. If the initial or any successor Administrative Agent ever ceases to be a party to this Agreement or if the initial or any successor Administrative Agent ever resigns, then the Required Lenders shall (which, if no Event of Default or Potential Default has occurred and is continuing, is subject to the Borrower's approval that may not be unreasonably withheld) appoint the successor Administrative Agent from among the Lenders (other than the resigning Administrative Agent). If the Required Lenders fail to appoint a successor Administrative Agent within 30 days after the resigning Administrative Agent has given notice of resignation, then the resigning Administrative Agent may, on behalf of the Lenders, upon 30 days prior notice to the Borrower, appoint a successor Administrative Agent, subject (at any time no Event of Default or Potential Default has occurred and is continuing) to the Borrower's prior written consent that may not be unreasonably withheld, which must be a commercial bank having a combined capital and surplus of at least $1,000,000,000 (as shown on its most recently published statement of condition). Upon its acceptance of appointment as successor Administrative Agent, the successor Administrative Agent shall succeed to and become vested with all of the Rights of the prior Administrative Agent, and the prior Administrative Agent shall be discharged from its duties and obligations as Administrative Agent under the Credit Documents, and each Lender shall execute the documents that any Lender, the resigning Administrative Agent or the successor Administrative Agent reasonably requests to reflect the change. After any Administrative Agent's resignation as the Administrative Agent under the Credit Documents, the provisions of this section inure to its benefit as to any actions taken or not taken by it while it was the Administrative Agent under the Credit Documents.

(c) RIGHTS AS LENDER. The Administrative Agent, in its capacity as a Lender, has the same Rights under the Credit Documents as any other Lender and may exercise those Rights as if it were not acting as the Administrative Agent. The Administrative Agent's resignation or removal does not impair or otherwise affect any Rights that it has or may have in its capacity as an individual Lender. Each Lender and the Borrower agree that the Administrative Agent is not a fiduciary for the Lenders or the Borrower but is simply acting in the capacity described in this

Agreement to alleviate administrative burdens for the Borrower and the Lenders, that the Administrative Agent has no duties or responsibilities to the Lenders or the Borrower except those expressly set forth in the Credit Documents, and that the Administrative Agent in its capacity as a Lender has the same Rights as any other Lender.

(d) OTHER ACTIVITIES. The Administrative Agent or any Lender may now or in the future be engaged in one or more loan, letter of credit, leasing or other financing transactions with the Borrower, act as trustee or depositary for the Borrower or otherwise be engaged in other transactions with the Borrower (collectively, the "other activities") not the subject of the Credit Documents. Without limiting the Rights of the Lenders specifically set forth in the Credit Documents, neither the Administrative Agent nor any Lender is responsible to account to the other Lenders for those other activities, and no Lender shall have any interest in any other Lender's activities, any present or future guaranties by or for the account of the Borrower that are not contemplated by or included in the Credit Documents, any present or future offset exercised by the Administrative Agent or any Lender in respect of those other activities, any present or future property taken as security for any of those other activities or any property now or hereafter in the Administrative Agent's or any other Lender's possession or control that may be or become security for the obligations of the Borrower arising under the Credit Documents by reason of the general description of indebtedness secured or of property contained in any other agreements, documents or instruments related to any of those other activities (but, if any payments in respect of those guaranties or that property or the proceeds thereof is applied by the Administrative Agent or any Lender to reduce the Obligations, then each Lender is entitled to share in the application as provided in the Credit Documents).

SECTION 13.2. EXPENSES.

Each Lender shall pay its Commitment Percentage of any reasonable expenses (including court costs, reasonable attorneys' fees and other costs of collection) incurred by the Administrative Agent or in connection with any of the Credit Documents if the Administrative Agent is not reimbursed from other sources within 30 days after incurrence. Each Lender is entitled to receive its Commitment Percentage of any reimbursement that it makes to the Administrative Agent if the Administrative Agent is subsequently reimbursed from other sources.

SECTION 13.3. PROPORTIONATE ABSORPTION OF LOSSES.

Except as otherwise provided in the Credit Documents, nothing in the Credit Documents gives any Lender any advantage over any other Lender insofar as the Obligations are concerned or relieves any Lender from ratably absorbing any losses sustained with respect to the Obligations (except to the extent unilateral actions or inactions by any Lender result in the Borrower or any other obligor on the Obligations having any credit, allowance, setoff, defense or counterclaim solely with respect to all or any part of that Lender's part of the Obligations).

SECTION 13.4. DELEGATION OF DUTIES; RELIANCE.

The Lenders may perform any of their duties or exercise any of their Rights under the Credit Documents by or through the Administrative Agent, and the Lenders and the

Administrative Agent may perform any of their duties or exercise any of their Rights under the Credit Documents by or through their respective Representatives. The Administrative Agent, the Lenders and their respective Representatives (a) are entitled to rely upon (and shall be protected in relying upon) any written or oral statement believed by it or them to be genuine and correct and to have been signed or made by the proper Person and, with respect to legal matters, upon opinion of counsel selected by the Administrative Agent, that Lender (but nothing in this clause (a) permits the Administrative Agent to rely on (i) oral statements if a writing is required by this Agreement or (ii) any other writing if a specific writing is required by this Agreement), (b) are entitled to deem and treat each Lender as the owner and holder of its portion of the Obligations for all purposes until written notice of the assignment or transfer is given to and received by the Administrative Agent (and any request, authorization, consent or approval of any Lender is conclusive and binding on each subsequent holder, assignee or transferee of or Participant in that Lender's portion of the Obligations until that notice is given and received), (c) are not deemed to have notice of the occurrence of an Event of Default unless a responsible officer of the Administrative Agent, who handles matters associated with the Credit Documents and transactions thereunder, has actual knowledge or the Administrative Agent has been notified by a Lender or the Borrower, and (d) are entitled to consult with legal counsel (including counsel for the Borrower), independent accountants, and other experts selected by the Administrative Agent and are not liable for any action taken or not taken in good faith by it in accordance with the advice of counsel, accountants or experts.

SECTION 13.5. LIMITATION OF THE ADMINISTRATIVE AGENT'S LIABILITY.

(a) EXCULPATION. Neither the Administrative Agent nor any of its Affiliates or Representatives will be liable to any Lender for any action taken or omitted to be taken by it or them under the Credit Documents in good faith and believed by it to be within the discretion or power conferred upon it or them by the Credit Documents or be responsible for the consequences of any error of judgment (except for gross negligence or willful misconduct), and neither the Administrative Agent nor any of its Affiliates or Representatives has a fiduciary relationship with any Lender by virtue of the Credit Documents (but nothing in this Agreement negates the obligation of the Administrative Agent to account for funds received by it for the account of any Lender).

(b) INDEMNITY. Unless indemnified to its satisfaction against loss, cost, liability and expense, the Administrative Agent may not be compelled to do any act under the Credit Documents or to take any action toward the execution or enforcement of the powers thereby created or to prosecute or defend any suit in respect of the Credit Documents. If the Administrative Agent requests instructions from the Lenders or the Required Lenders, as the case may be, with respect to any act or action in connection with any Credit Document, the Administrative Agent is entitled to refrain (without incurring any liability to any Person by so refraining) from that act or action unless and until it has received instructions. In no event, however, may the Administrative Agent or any of its Representatives be required to take any action that it or they determine could incur for it or them criminal or onerous civil liability. Without limiting the generality of the foregoing, no Lender has any right of action against the Administrative Agent as a result of the Administrative Agent's acting or refraining from acting under this Agreement in accordance with instructions of the Required Lenders.

(c) RELIANCE. The Administrative Agent is not responsible to any Lender or any Participant for, and each Lender represents and warrants that it has not relied upon the Administrative Agent in respect of, (i) the creditworthiness of any Company and the risks involved to such Lender, (ii) the effectiveness, enforceability, genuineness, validity or the due execution of any Credit Document, (iii) any representation, warranty, document, certificate, report or statement made therein or furnished thereunder or in connection therewith, (iv) the adequacy of any collateral now or hereafter securing the Obligations or the existence, priority or perfection of any Lien now or hereafter granted or purported to be granted on the collateral under any Credit Document, or (v) observation of or compliance with any of the terms, covenants or conditions of any Credit Document on the part of the General Partner or any Company. EACH LENDER AGREES TO INDEMNIFY THE ADMINISTRATIVE AGENT AND ITS REPRESENTATIVES AND HOLD THEM HARMLESS FROM AND AGAINST (BUT LIMITED TO SUCH LENDER'S COMMITMENT PERCENTAGE OF) ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, REASONABLE EXPENSES AND REASONABLE DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER THAT MAY BE IMPOSED ON, ASSERTED AGAINST OR INCURRED BY THEM IN ANY WAY RELATING TO OR ARISING OUT OF THE CREDIT DOCUMENTS OR ANY ACTION TAKEN OR OMITTED BY THEM UNDER THE CREDIT DOCUMENTS IF THE ADMINISTRATIVE AGENT AND ITS REPRESENTATIVES ARE NOT REIMBURSED FOR SUCH AMOUNTS BY ANY COMPANY. ALTHOUGH THE ADMINISTRATIVE AGENT AND ITS REPRESENTATIVES HAVE THE RIGHT TO BE INDEMNIFIED UNDER THIS AGREEMENT BY THE LENDERS FOR ITS OR THEIR OWN ORDINARY NEGLIGENCE, THE ADMINISTRATIVE AGENT AND ITS REPRESENTATIVES DO NOT HAVE THE RIGHT TO BE INDEMNIFIED UNDER THIS AGREEMENT FOR ITS OR THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

SECTION 13.6. EVENT OF DEFAULT.

If an Event of Default has occurred and is continuing, the Lenders agree to promptly confer in order that the Required Lenders or the Lenders, as the case may be, may agree upon a course of action for the enforcement of the Rights of the Lenders. The Administrative Agent is entitled to act or refrain from taking any action (without incurring any liability to any Person for so acting or refraining) unless and until it has received instructions from the Required Lenders. In actions with respect to any Company's property, the Administrative Agent is acting for the ratable benefit of each Lender.

SECTION 13.7. LIMITATION OF LIABILITY.

No Lender or any Participant will incur any liability to any other Lender or Participant except for acts or omissions in bad faith, and neither the Administrative Agent nor any Lender or Participant will incur any liability to any other Person for any act or omission of any other Lender or any Participant.

SECTION 13.8. OTHER AGENTS.

SunTrust Robinson Humphrey Capital Markets, Inc., a division of SunTrust Capital Markets, Inc., is named on the cover page as "Sole Lead Arranger" but does not, in such capacity, assume any responsibility or obligation under this Agreement for syndication, documentation, servicing, enforcement or collection of any part of the Obligations, nor any other duties, as agent for the Lenders.

SECTION 13.9. RELATIONSHIP OF LENDERS.

The Credit Documents do not create a partnership or joint venture between the Administrative Agent and the Lenders or among the Lenders.

SECTION 13.10. BENEFITS OF AGREEMENT.

None of the provisions of this Article XIII inures to the benefit of any Company or any other Person except the Administrative Agent and the Lenders. Therefore, no Company or any other Person is responsible or liable for, entitled to rely upon or entitled to raise as a defense, in any manner whatsoever, the failure of the Administrative Agent or any Lender to comply with these provisions.

ARTICLE XIV
MISCELLANEOUS

SECTION 14.1. NONBUSINESS DAYS.

Any payment or action that is due under any Credit Document on a non-Business Day may be delayed until the next succeeding Business Day (but interest accrues on any payment until it is made). If, however, the payment concerns a LIBOR Rate Borrowing and if the next succeeding Business Day is in the next calendar month, then that payment must be made on the next preceding Business Day.

SECTION 14.2. COMMUNICATIONS.

Unless otherwise specified, any communication from one party to another under any Credit Document must be in writing (which may be by fax) to be effective and will be deemed to have been given (a) if by fax, when transmitted to the appropriate fax number (which, without affecting the date when deemed given, must be promptly confirmed by telephone) or (b) if by any other means, when actually delivered; provided, further, that any such communication to a Company from any Person that is not a Company shall be deemed made to that Company only if it is sent to the Borrower or, if other than the Borrower, to such Company in care of the Borrower. Until changed by notice under this Agreement, the address, fax number and telephone number for the Borrower and the Administrative Agent are stated beside their respective signatures to this Agreement and for each Lender are stated beside its name on Schedule 2.

SECTION 14.3. FORM AND NUMBER.

The form, substance and number of counterparts of each writing to be furnished under this Agreement must be satisfactory to the Administrative Agent and the Borrower.

SECTION 14.4. EXCEPTIONS.

An exception to any Credit Document covenant or agreement does not permit violation of any other Credit Document covenant or agreement.

SECTION 14.5. SURVIVAL.

All Credit Document provisions survive all closings and are not affected by any investigation by any party.

SECTION 14.6. GOVERNING LAW.

Unless otherwise specified, each Credit Document shall be governed by, and construed in accordance with, the law of the State of New York and the United States of America.

SECTION 14.7. INVALID PROVISIONS.

If any provision of a Credit Document is judicially determined to be unenforceable, then all other provisions of it remain enforceable. If the provision determined to be unenforceable is a material part of that Credit Document, then, to the extent lawful, it shall be replaced by a judicially-construed provision that is enforceable but otherwise as similar in substance and content to the original provision as the context of it reasonably allows.

SECTION 14.8. AMENDMENTS, SUPPLEMENTS, WAIVERS, CONSENTS AND CONFLICTS.

(a) ALL LENDERS. Any amendment or supplement to, or waiver or consent under, any Credit Document that purports to accomplish any of the following must be by a writing executed by the Borrower and executed (or approved in writing, as the case may be) by all the Lenders: (i) extends the due date for, decreases the amount or rate of calculation of or waives the late or non-payment of, any scheduled payment or mandatory prepayment of principal or interest of any of the Obligations or any fees payable ratably to the Lenders under the Credit Documents, except, in each case, any adjustments or reductions that are contemplated by any Credit Document; (ii) changes the definition of "Commitment", "Commitment Percentage", "Default Percentage" or "Required Lenders", (iii) increases any part of any Lender's Commitment; (iv) fully or partially releases or amends any Guaranty except, in each case, as expressly provided by any Credit Document or as a result of a merger, consolidation or dissolution expressly permitted in the Credit Documents; (v) consents to any assignment by the Borrower under Section 14.10(a); or (vi) changes this clause (a) or any other matter specifically requiring the consent of all the Lenders under any Credit Document; provided that this Agreement may be amended and restated without the consent of any Lender or the Administrative Agent if, upon giving effect to such amendment and restatement, such Lender or the Administrative Agent, as the case may be, shall no longer be a party to this Agreement (as so amended and restated) or have any Commitment or

other obligation hereunder and shall have been paid in full all amounts payable hereunder to such Lender or the Administrative Agent, as the case may be.

(b) THE ADMINISTRATIVE AGENT. Any amendment or supplement to, or waiver or consent under, any Credit Document that purports to accomplish any of the following must be by a writing executed by the Borrower and executed (or approved in writing, as the case may be) by the Administrative Agent: (i) extends the due date for, decreases the amount or rate of calculation of, or waives the late or non-payment of, any fees payable to the Administrative Agent under any Credit Document, except, in each case, any adjustments or reductions that are contemplated by any Credit Document; (ii) increases the Administrative Agent's obligations beyond its agreements under any Credit Document; or (iii) changes this clause (b) or any other matter specifically requiring the consent of the Administrative Agent under any Credit Document.

(c) THE REQUIRED LENDERS. Except as specified above (i) the provisions of this Agreement may be amended and supplemented, and waivers and consents under it may be given, in writing executed by the Borrower, the Required Lenders and the Administrative Agent, if applicable, and otherwise supplemented only by documents delivered in accordance with the express terms of this Agreement, and (ii) each other Credit Document may only be amended and supplemented, and waivers and consents under it may be given, in a writing executed by the parties to that Credit Document that is also executed or approved by the Required Lenders and the Administrative Agent, if applicable, and otherwise supplemented only by documents delivered in accordance with the express terms of that other Credit Document.

(d) WAIVERS. No course of dealing or any failure or delay by the Administrative Agent, any Lender or any of their respective Representatives with respect to exercising any Right of the Administrative Agent or any Lender under any Credit Document operates as a waiver of that Right. A waiver must be in writing and signed by the parties otherwise required by this Section 14.8 to be effective and will be effective only in the specific instance and for the specific purpose for which it is given.

(e) CONFLICTS. Although this Agreement and other Credit Documents may contain additional and different terms and provisions, any conflict or ambiguity between the express terms and provisions of this Agreement and express terms and provisions in any other Credit Document is controlled by the express terms and provisions of this Agreement.

SECTION 14.9. COUNTERPARTS.

Any Credit Document may be executed in a number of identical counterparts (including, at the Administrative Agent's discretion, counterparts or signature pages executed and transmitted by fax) with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Certain parties to this Agreement may execute multiple signature pages to this Agreement as well as one or more complete counterparts of it, and the Borrower and the Administrative Agent are authorized to execute, where applicable, those separate signature pages and insert them, along with signature pages of other parties to this Agreement, into one or more complete counterparts of this Agreement that contain signatures of all parties to it.

SECTION 14.10. PARTIES.

(a) PARTIES AND BENEFICIARIES. Each Credit Document binds and inures to the parties to it and each of their respective successors and permitted assigns. Only those Persons may rely upon or raise any defense about this Agreement. No Company may assign or transfer any Rights or obligations under any Credit Document without first obtaining the consent of all the Lenders, and any purported assignment or transfer without the consent of all the Lenders is void.

(b) RELATIONSHIP OF PARTIES. The relationship between (x) each Lender and (y) each Company is that of creditor/secured party and obligor, respectively. Financial covenant and reporting provisions in the Credit Documents are intended solely for the benefit of each Lender to protect its interest as a creditor/secured party. Nothing in the Credit Documents may be construed as (i) permitting or obligating any Lender to act as a financial or business advisor or consultant to any Company, (ii) permitting or obligating any Lender to control any Company or conduct its operations, (iii) creating any fiduciary obligation of any Lender to any Company, or (iv) creating any joint venture, agency or other relationship between the parties except as expressly specified in the Credit Documents.

(c) PARTICIPATIONS. Any Lender may (subject to the provisions of this section, in accordance with applicable Legal Requirement, in the ordinary course of its business, at any time, and with notice to the Borrower) sell to one or more Persons (each a "PARTICIPANT") participating interests in its portion of the Obligations so long as the minimum amount of such participating interest is $5,000,000. The selling Lender remains a "Lender" under the Credit Documents, the Participant does not become a "Lender" under the Credit Documents, and the selling Lender's obligations under the Credit Documents remain unchanged. The selling Lender remains solely responsible for the performance of its obligations and remains the holder of its share of the Borrowings for all purposes under the Credit Documents. The Borrower and the Administrative Agent shall continue to deal solely and directly with the selling Lender in connection with that Lender's Rights and obligations under the Credit Documents, and each Lender must retain the sole right and responsibility to enforce due obligations of the Companies. Participants have no Rights under the Credit Documents except as provided in the except clause of the last sentence of this Section 14.10(c). Subject to the following, each Lender may obtain (on behalf of its Participants) the benefits of Article 3 with respect to all participations in its part of the Obligations outstanding from time to time so long as the Borrower is not obligated to pay any amount in excess of the amount that would be due to that Lender under Article 3 calculated as though no participations have been made. No Lender may sell any participating interest under which the Participant has any Rights to approve any amendment, modification or waiver of any Credit Document except as to matters in Section 14.8(a)(i) and (ii).

(d) ASSIGNMENTS. Each Lender may make assignments to any Federal Reserve Bank, provided that any related costs, fees and expenses incurred by such Lender in connection with such assignment or the re-assignment back to it free of any interests of the Federal Reserve Bank, shall be for the sole account of Lender. Each Lender may also assign to one or more assignees (each an "ASSIGNEE") all or any part of its Rights and obligations under the Credit Documents so long as (i) the assignor Lender and Assignee execute and deliver to the Administrative Agent and the Borrower for their consent and acceptance (that may not be unreasonably withheld in any instance and is not required by the Borrower if an Event of Default

has occurred and is continuing) an assignment and assumption agreement in substantially the form of Exhibit E (an "ASSIGNMENT") and pay to the Administrative Agent a processing fee of $1,000 (which payment obligation is the sole liability, joint and several, of that Lender and Assignee), (ii) the assignment must be for a minimum total Commitment of $5,000,000, and, if the assignor Lender retains any Commitment, it must be a minimum total Commitment of $10,000,000, and (iii) the conditions for that assignment set forth in the applicable Assignment are satisfied. The Effective Date in each Assignment must (unless a shorter period is agreed to by the Borrower and the Administrative Agent) be at least five Business Days after it is executed and delivered by the assignor Lender and the Assignee to the Administrative Agent and the Borrower for acceptance. Once such Assignment is accepted by the Administrative Agent and the Borrower, and subject to all of the following occurring, then, on and after the Effective Date stated in it (A) the Assignee automatically shall become a party to this Agreement and, to the extent provided in that Assignment, shall have the Rights and obligations of a Lender under the Credit Documents, (B) in the case of an Assignment covering all of the remaining portion of the assignor Lender's Rights and obligations under the Credit Documents, the assignor Lender shall cease to be a party to the Credit Documents, (C) the Borrower shall execute and deliver to the assignor Lender and the Assignee the appropriate Notes in accordance with this Agreement following the transfer, (D) upon delivery of the Notes under clause (C) the assignor Lender shall return to the Borrower all Notes previously delivered to that Lender under this Agreement, and (E) Schedule 2 shall be automatically amended to reflect the name, address, telecopy number and Commitment of the Assignee and the remaining Commitment (if any) of the assignor Lender, and the Administrative Agent shall prepare and circulate to the Borrower and the Lenders an amended Schedule 2 reflecting those changes. Notwithstanding the foregoing, no Assignee may be recognized as a party to the Credit Documents (and the assignor Lender shall continue to be treated for all purposes as the party to the Credit Documents) with respect to the Rights and obligations assigned to that Assignee until the actions described in clauses (C) and (D) have occurred. The Obligation is registered on the books of the Borrower as to both principal and any stated interest, and transfers of (as opposed to participations in) principal of and interest on the Obligations may be made only in accordance with this Section.

SECTION 14.11. VENUE, SERVICE OF PROCESS AND JURY TRIAL.

THE BORROWER IN EACH CASE FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, IRREVOCABLY (A) SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN NEW YORK, (B) WAIVES, TO THE FULLEST EXTENT LAWFUL, ANY OBJECTION THAT IT MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF VENUE OF ANY LITIGATION ARISING OUT OF OR IN CONNECTION WITH ANY CREDIT DOCUMENT AND THE OBLIGATIONS BROUGHT IN ANY STATE COURT IN THE CITY OF NEW YORK, NEW YORK OR IN ANY UNITED STATES DISTRICT COURT IN THE STATE OF NEW YORK, (C) WAIVES ANY CLAIMS THAT ANY LITIGATION BROUGHT IN ANY OF THE FOREGOING COURTS HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (D) CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THOSE COURTS IN ANY LITIGATION BY THE MAILING OF COPIES OF THAT PROCESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID, BY HAND DELIVERY OR BY DELIVERY BY A NATIONALLY-RECOGNIZED COURIER SERVICE, AND SERVICE SHALL BE DEEMED COMPLETE UPON

DELIVERY OF THE LEGAL PROCESS AT ITS ADDRESS FOR PURPOSES OF THIS AGREEMENT, (E) AGREES THAT ANY LEGAL PROCEEDING AGAINST ANY PARTY TO ANY CREDIT DOCUMENT ARISING OUT OF OR IN CONNECTION WITH THE CREDIT DOCUMENTS OR THE OBLIGATIONS MAY BE BROUGHT IN ONE OF THE FOREGOING COURTS, AND (F) IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY CREDIT DOCUMENT. The scope of each of the foregoing waivers is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. THE BORROWER ACKNOWLEDGES THAT THESE WAIVERS ARE A MATERIAL INDUCEMENT TO THE ADMINISTRATIVE AGENT'S AND EACH LENDER'S AGREEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT THE ADMINISTRATIVE AGENT AND EACH LENDER HAS ALREADY RELIED ON THESE WAIVERS IN ENTERING INTO THIS AGREEMENT, AND THAT ADMINISTRATIVE AGENT AND EACH LENDER WILL CONTINUE TO RELY ON EACH OF THESE WAIVERS IN RELATED FUTURE DEALINGS. THE BORROWER FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THESE WAIVERS WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY AGREES TO EACH WAIVER FOLLOWING CONSULTATION WITH LEGAL COUNSEL. The waivers in this section are irrevocable, meaning that they may not be modified either orally or in writing, and these waivers apply to any future renewals, extensions, amendments, modifications or replacements in respect of the applicable Credit Document. In connection with any Litigation, this Agreement may be filed as a written consent to a trial by the court.

SECTION 14.12. NON-RECOURSE TO THE GENERAL PARTNER.

Neither the General Partner nor any director, officer, employee, stockholder, member, manager or agent of the General Partner shall have any liability for any obligations of the Borrower or any other Company under this Agreement or any other Credit Document or for any claim based on, in respect of or by reason of, such obligations or their creation, including any liability based upon or arising by operation of law as a result of, the status or capacity of the General Partner as the "general partner" of the Borrower or any other Company. By executing this Agreement, the Administrative Agent and each Lender expressly waives and releases all such liability.

SECTION 14.13. CONFIDENTIALITY.

The Administrative Agent and each Lender agrees (on behalf of itself and each of its Affiliates, and its and each of their respective Representatives) to keep and maintain any non-public information supplied to it by or on behalf of any Company which is identified as being confidential and shall not use any such information for any purpose other than in connection with the administration or enforcement of this transaction. However, nothing herein shall limit the disclosure of any such information (a) to the extent required by Legal Requirement, (b) to counsel of the Administrative Agent or any Lender in connection with the transactions provided for in this Agreement, (c) to bank examiners, auditors and accountants, or (d) any Assignee or

Participant (or prospective Assignee or Participant) so long as such Assignee or Participant (or prospective Assignee or Participant) first enters into a confidentiality agreement with the Administrative Agent or such Lender.

SECTION 14.14. ENTIRETY.

THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE BORROWER, THE LENDERS AND THE ADMINISTRATIVE AGENT WITH RESPECT TO SUBJECT MATTER SET FORTH THEREIN AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

EXECUTED as of the date first stated in this Credit Agreement.

TEPPCO Partners, L.P.
America Tower Bldg.
2929 Allen Parkway, Suite 3200
Houston, TX 77019
Attn:

Phone: 713-759-3636
Fax: 713-759-3957

TEPPCO PARTNERS, L.P., as Borrower

By TEXAS EASTERN PRODUCTS PIPELINE COMPANY, LLC, as General Partner

By /s/ CHARLES H. LEONARD

Name: CHARLES H. LEONARD
Title: SVP, CFO & TREASURER

SunTrust Bank
303 Peachtree Street, N.E., 3rd Floor
Atlanta, GA 30308
Attn:

Phone:
Fax:

SUNTRUST BANK, as Administrative Agent and Lender

By /s/ STEVEN J. NEWBY

Name: Steven J. Newby
Title: Vice President

EXHIBIT 10.33

AMENDMENT NO. 1

This AMENDMENT NO. 1, dated as of September 28, 2001 (this "AMENDMENT"), is made to that certain Credit Agreement, dated as of April 6, 2001 (the "CREDIT AGREEMENT"), among TEPPCO Partners, L.P. (the "BORROWER"), SunTrust Bank, as administrative agent (the "ADMINISTRATIVE AGENT"), and certain lenders party thereto (the "LENDERS").

PRELIMINARY STATEMENT:

The Borrower, the Lenders and the Administrative Agent previously entered into the Credit Agreement providing for a $200,000,000 revolving credit facility for the Borrower scheduled to expire on April 4, 2002. The Borrower has requested that the Lenders agree to the amendment of the Credit Agreement as set forth herein, and the Lenders have agreed to such request, subject to the terms and conditions of this Amendment. Therefore, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Credit Agreement.

SECTION 2. AMENDMENT. Section 10.2 of the Credit Agreement is, subject to the satisfaction of the conditions precedent set forth in Section 3, hereby amended and restated in its entirety as follows:

> SECTION 10.2. MAXIMUM FUNDED DEBT TO PRO FORMA EBITDA.
>
> As of the last day of each fiscal quarter of the Borrower, the ratio of Consolidated Funded Debt to Pro Forma EBITDA for the period consisting of four consecutive fiscal quarters taken as a single accounting period and ending on such day will be less than the amount specified below for such fiscal quarter:

QUARTER(S) ENDING	RATIO
03/31/01 through 12/31/01	5.00 to 1.00
3/31/02 and thereafter	4.50 to 1.00

SECTION 3. CONDITIONS OF EFFECTIVENESS. Section 2 of this Amendment shall become effective as of the date first set forth above when each of the following conditions shall have been fulfilled:

> (i) the Required Lenders and the Borrower shall have executed and delivered to the Administrative Agent a counterpart of this Amendment; and

(ii) the representations and warranties set forth in Section 4 hereof shall be true and correct on and as of the date of effectiveness of this Amendment as though made on and as of such date.

SECTION 4. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants that (a) the representations and warranties contained in Article VII of the Credit Agreement, as amended hereby (with each reference therein to (i) "this Agreement", "hereunder" and words of like import referring to the Credit Agreement being deemed to be a reference to this Amendment and the Credit Agreement as amended hereby and (ii) "Credit Documents", "thereunder" and words of like import being deemed to include this Amendment and the Credit Agreement, as amended hereby) are true and correct on and as of the date hereof as though made on and as of such date, and (b) no event has occurred and is continuing, or would result from the execution and delivery of this Amendment, that constitutes an Event of Default.

SECTION 5. EFFECT ON THE CREDIT AGREEMENT. Except as specifically provided above, the Credit Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 6. COSTS AND EXPENSES. The Borrower agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto, and all costs and expenses (including, without limitation, counsel fees and expenses), if any, in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Amendment.

SECTION 7. EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

SECTION 8. GOVERNING LAW. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of the New York.

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

TEPPCO PARTNERS, L.P., as Borrower

By TEXAS EASTERN PRODUCTS
PIPELINE COMPANY, LLC, as General
Partner

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Sr. VP, CFO & Treasurer

SUNTRUST BANK, as Administrative Agent
and Lender

By: /s/ STEVEN J. NEWBY

Name: Steven J. Newby
Title: Vice President

UBS AG, STAMFORD BRANCH

By: /s/ GREGORY H. RAUE

Name: Gregory H. Raue
Title: Executive Director
Leverage Finance

By: /s/ WILFRED V. SAINT

Name: Wilfred V. Saint
Title: Associate Director
Banking Products
Services, US

BANK ONE, NA

By: /s/ JOSEPH C. GIAMPETRONI

Name: Joseph C. Giampetroni
Title: Director

FIRST UNION NATIONAL BANK

By: /s/ RUSSELL CLINGMAN

Name: Russell Clingman
Title: Vice President

THE BANK OF NEW YORK

By: /s/ PETER W. KELLER

Name: Peter W. Keller
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ DAVID A. MCCLUSKEY

Name: David A. McCluskey
Title: Manager

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ BERNARD WEYMULLER

Name: Bernard Weymuller
Title: Senior Vice President

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: /s/ WALTER T. DUFFY III

Name: Walter T. Duffy III
Title: Associate Director

By: /s/ ANTHONY ALESSANDRO

Name: Anthony Alessandro
Title: Manager

BAYERISCHE HYPO-UND VEREINSBANK
AG, NEW YORK BRANCH

By: /s/ STEVEN ATWELL

Name: Steven Atwell
Title: Director

By: /s/ HETAL N. RAITHATHA

Name: Hetal N. Raithatha
Title: Associate

THE FUJI BANK, LIMITED

By: /s/ JACQUES AZAGURY

Name: Jacques Azagury
Title: Senior Vice President & Manager

KBC BANK N.V.

By: /s/ ROBERT SNAUFFER

Name: Robert Snauffer
Title: First Vice President

By: /s/ ERIC RASKIN

Name: Eric Raskin
Title: Vice President

BANK OF AMERICA, NATIONAL ASSOCIATION

By: /s/ RONALD E. MCKAIG

Name: Ronald E. McKaig
Title: Managing Director

THE INDUSTRIAL BANK OF JAPAN,
LIMITED

By:

Name:
Title:

THE DAI-ICHI KANGYO BANK, LTD.

By:

Name:
Title:

THE SANWA BANK LIMITED

By:

Name:
Title:

SUMITOMO MITSUI BANKING
CORPORATION

By:

Name:
Title:

NATEXIS BANQUES POPUAIRES

By: /s/ LOUIS P. LAVILLE, III

Name: Louis P. Laville, III
Title: Vice President/Manager

By: /s/ DANIEL PAYER

Name: Daniel Payer
Title: Vice President

EXHIBIT 10.34

AMENDMENT NO. 1

This AMENDMENT NO. 1, dated as of September 28, 2001 (this "AMENDMENT"), is made to that certain Amended and Restated Credit Agreement, dated as of April 6, 2001 (the "CREDIT AGREEMENT"), among TEPPCO Partners, L.P. (the "BORROWER"), SunTrust Bank, as administrative agent (the "ADMINISTRATIVE AGENT"), and certain lenders party thereto (the "LENDERS").

PRELIMINARY STATEMENT:

The Borrower, the Lenders and the Administrative Agent previously entered into the Credit Agreement providing for a $500,000,000 revolving credit facility for the Borrower scheduled to expire on April 6, 2004. The Borrower has requested that the Lenders agree to the amendment of the Credit Agreement as set forth herein, and the Lenders have agreed to such request, subject to the terms and conditions of this Amendment. Therefore, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Credit Agreement.

SECTION 2. AMENDMENT. Section 10.2 of the Credit Agreement is, subject to the satisfaction of the conditions precedent set forth in Section 3, hereby amended and restated in its entirety as follows:

> SECTION 10.2. MAXIMUM FUNDED DEBT TO PRO FORMA EBITDA.
>
> As of the last day of each fiscal quarter of the Borrower, the ratio of Consolidated Funded Debt to Pro Forma EBITDA for the period consisting of four consecutive fiscal quarters taken as a single accounting period and ending on such day will be less than the amount specified below for such fiscal quarter:

QUARTER(S) ENDING	RATIO
03/31/01 through 12/31/01	5.00 to 1.00
3/31/02 and thereafter	4.50 to 1.00

SECTION 3. CONDITIONS OF EFFECTIVENESS. Section 2 of this Amendment shall become effective as of the date first set forth above when each of the following conditions shall have been fulfilled:

> (i) the Required Lenders and the Borrower shall have executed and delivered to the Administrative Agent a counterpart of this Amendment; and

(ii) the representations and warranties set forth in Section 4 hereof shall be true and correct on and as of the date of effectiveness of this Amendment as though made on and as of such date.

SECTION 4. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants that (a) the representations and warranties contained in Article VII of the Credit Agreement, as amended hereby (with each reference therein to (i) "this Agreement", "hereunder" and words of like import referring to the Credit Agreement being deemed to be a reference to this Amendment and the Credit Agreement as amended hereby and (ii) "Credit Documents", "thereunder" and words of like import being deemed to include this Amendment and the Credit Agreement, as amended hereby) are true and correct on and as of the date hereof as though made on and as of such date, and (b) no event has occurred and is continuing, or would result from the execution and delivery of this Amendment, that constitutes an Event of Default.

SECTION 5. EFFECT ON THE CREDIT AGREEMENT. Except as specifically provided above, the Credit Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 6. COSTS AND EXPENSES. The Borrower agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto, and all costs and expenses (including, without limitation, counsel fees and expenses), if any, in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Amendment.

SECTION 7. EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

SECTION 8. GOVERNING LAW. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of the New York.

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

TEPPCO PARTNERS, L.P., as Borrower

By TEXAS EASTERN PRODUCTS
PIPELINE COMPANY, LLC, as General
Partner

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard
Title: Sr. VP, CFO & Treasurer

SUNTRUST BANK, as Administrative Agent
and Lender

By: /s/ STEVEN J. NEWBY

Name: Steven J. Newby
Title: Vice President

UBS AG, STAMFORD BRANCH

By: /s/ GREGORY H. RAUE

Name: Gregory H. Raue
Title: Executive Director
Leverage Finance

By: /s/ WILFRED V. SAINT

Name: Wilfred V. Saint
Title: Associate Director
Banking Products
Services, US

BANK ONE, NA

By: /s/ JOSEPH C. GIAMPETRONI

Name: Joseph C. Giampetroni
Title: Director

FIRST UNION NATIONAL BANK

By: /s/ RUSSELL CLINGMAN

Name: Russell Clingman
Title: Vice President

THE BANK OF NEW YORK

By: /s/ PETER W. KELLER

Name: Peter W. Keller
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ DAVID A. MCCLUSKEY

Name: David A. McCluskey
Title: Manager

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ BERNARD WEYMULLER

Name: Bernard Weymuller
Title: Senior Vice President

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: /s/ WALTER T. DUFFY III

Name: Walter T. Duffy III
Title: Associate Director

By: /s/ ANTHONY ALESSANDRO

Name: Anthony Alessandro
Title: Manager

BAYERISCHE HYPO-UND VEREINSBANK
AG, NEW YORK BRANCH

By: /s/ STEVEN ATWELL

Name: Steven Atwell
Title: Director

By: /s/ HETAL N. RAITHATHA

Name: Hetal N. Raithatha
Title: Associate

THE FUJI BANK, LIMITED

By: /s/ JACQUES AZAGURY

Name: Jacques Azagury
Title: Senior Vice President & Manager

KBC BANK N.V.

By: /s/ ROBERT SNAUFFER

Name: Robert Snauffer
Title: First Vice President

By: /s/ ERIC RASKIN

Name: Eric Raskin
Title: Vice President

BANK OF AMERICA, NATIONAL ASSOCIATION

By: /s/ RONALD E. MCKAIG

Name: Ronald E. McKaig
Title: Managing Director

THE INDUSTRIAL BANK OF JAPAN,
LIMITED

By:

Name:
Title:

THE DAI-ICHI KANGYO BANK, LTD.

By:

Name:
Title:

THE SANWA BANK LIMITED

By:

Name:
Title:

SUMITOMO MITSUI BANKING
CORPORATION

By:

Name:
Title:

NATEXIS BANQUES POPUAIRES

By: /s/ LOUIS P. LAVILLE, III

Name: Louis P. Laville, III
Title: Vice President/Manager

By: /s/ DANIEL PAYER

Name: Daniel Payer
Title: Vice President

EXHIBIT 12.1

STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

YEARS ENDED DECEMBER 31,					9 MONTHS ENDED	
1996	1997	1998	1999	2000	SEP. 30, 2001	
					(in thousands)	
EARNINGS						
Income From Continuing Operations*	59,246	61,925	53,885	72,856	65,951	88,665
Fixed Charges	36,485	35,458	30,915	34,305	55,621	50,526
Distributed Income of Equity Investment	--	--	--	--	28,000	
Capitalized Interest	(1,388)	(1,478)	(795)	(2,133)	(4,559)	(2,040)
Total Earnings	94,343	95,905	84,005	105,028	117,013	165,151
FIXED CHARGES						
Interest Expense	34,922	33,707	29,784	31,563	48,982	47,365
Capitalized Interest	1,388	1,478	795	2,133	4,559	2,040
Rental Interest Factor	175	273	336	609	2,080	1,121
Total Fixed						

Charges	
36,485	35,458
30,915	34,305
55,621	50,526
========	
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RATIO: EARNINGS/FIXED CHARGES	2.59
2.70	2.72
3.06	2.10
3.27	========
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========	
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* Excludes minority interest, extraordinary loss and undistributed equity earnings.