

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2004

OR

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

For the transition period from _____ to _____

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

23-2668356

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

UGI CORPORATION

460 North Gulph Road, King of Prussia, PA
(Address of principal executive offices)

19406

(Zip Code)

(610) 337-1000

(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 No

At April 30, 2004, there were 50,770,676 shares of UGI Corporation Common
Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(Millions of dollars)

	March 31, 2004	September 30, 2003	March 31, 2003
	-----	-----	-----
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 143.3	\$ 142.1	\$ 149.2
Short-term investments (at cost, which approximates fair value)	10.0	50.0	45.0
Accounts receivable (less allowances for doubtful accounts of \$28.0, \$14.8 and \$20.1, respectively)	613.3	199.2	414.8
Accrued utility revenues	24.2	7.4	21.7
Inventories	105.1	136.6	83.3
Deferred income taxes	25.4	23.5	28.9
Prepaid expenses and other current assets	55.6	28.6	40.7
	-----	-----	-----
Total current assets	976.9	587.4	783.6
Property, plant and equipment, at cost (less accumulated depreciation and amortization of \$852.6, \$805.2 and \$765.8, respectively)	1,884.8	1,336.8	1,279.3
Goodwill and excess reorganization value	1,171.6	671.5	653.5
Intangible assets (less accumulated amortization of \$19.6, \$16.4 and \$12.8, respectively)	144.9	34.7	33.8
Utility regulatory assets	62.1	60.3	59.2
Other assets	118.6	90.6	91.1
	-----	-----	-----
Total assets	\$ 4,358.9	\$ 2,781.3	\$ 2,900.5
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 95.8	\$ 65.0	\$ 123.9
Current maturities of UGI Utilities preferred shares subject to mandatory redemption, without par value	1.0	-	-
AmeriGas Propane bank loans	3.0	-	-
UGI Utilities bank loans	42.4	40.7	27.7
Other bank loans	15.9	15.9	9.7
Accounts payable	398.5	202.5	302.7
Other current liabilities	252.6	246.2	256.0
	-----	-----	-----
Total current liabilities	809.2	570.3	720.0
Long-term debt	1,609.7	1,158.5	1,133.3
Deferred income taxes	392.7	223.1	213.0
UGI Utilities preferred shares subject to mandatory redemption, without par value	19.0	20.0	-
Other noncurrent liabilities	435.5	105.4	99.2
	-----	-----	-----
Total liabilities	3,266.1	2,077.3	2,165.5
Commitments and contingencies (note 9)			
Minority interests	198.3	134.6	148.1
UGI Utilities preferred shares subject to mandatory redemption, without par value	-	-	20.0
Common stockholders' equity:			
Common Stock, without par value (authorized - 150,000,000 shares; issued - 57,298,097, 49,798,097, 49,798,097 shares, respectively)	815.4	582.4	554.2
Retained earnings	172.4	90.9	122.7
Accumulated other comprehensive income	11.4	4.7	10.1
Notes receivable from employees	(0.3)	(0.4)	(2.2)
	-----	-----	-----
Treasury stock, at cost	998.9	677.6	684.8
	(104.4)	(108.2)	(117.9)
	-----	-----	-----
Total common stockholders' equity	894.5	569.4	566.9
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 4,358.9	\$ 2,781.3	\$ 2,900.5
	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(Millions of dollars, except per share amounts)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
Revenues	\$ 1,316.6	\$ 1,135.9	\$ 2,210.3	\$ 1,875.8
Costs and expenses:				
Cost of sales	914.4	754.9	1,511.4	1,208.0
Operating and administrative expenses	183.5	175.4	346.8	330.8
Utility taxes other than income taxes	3.6	3.5	6.7	6.4
Depreciation and amortization	28.4	25.4	55.8	49.6
Other loss (income), net	5.1	(7.7)	(0.3)	(10.8)
	1,135.0	951.5	1,920.4	1,584.0
Operating income	181.6	184.4	289.9	291.8
Income from equity investees	8.4	5.0	12.6	6.9
Loss on extinguishment of debt	-	(3.0)	-	(3.0)
Interest expense	(26.7)	(27.1)	(53.4)	(55.3)
Minority interests in AmeriGas Partners	(55.6)	(44.8)	(78.3)	(65.3)
Income before income taxes and subsidiary preferred stock dividends	107.7	114.5	170.8	175.1
Income tax expense	(40.6)	(44.3)	(64.9)	(67.8)
Dividends on UGI Utilities preferred shares subject to mandatory redemption	-	(0.4)	-	(0.8)
Net income	\$ 67.1	\$ 69.8	\$ 105.9	\$ 106.5
Earnings per common share:				
Basic	\$ 1.51	\$ 1.66	\$ 2.43	\$ 2.55
Diluted	\$ 1.48	\$ 1.62	\$ 2.37	\$ 2.49
Average common shares outstanding:				
Basic	44,299	41,958	43,566	41,822
Diluted	45,310	42,990	44,625	42,790
Dividends declared per common share	\$ 0.285	\$ 0.285	\$ 0.570	\$ 0.560

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Millions of dollars)

	Six Months Ended March 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 105.9	\$ 106.5
Reconcile to net cash provided by operating activities:		
Depreciation and amortization	55.8	49.6
Minority interests in AmeriGas Partners	78.3	65.3
Deferred income taxes, net	3.9	(7.9)
Other, net	10.8	13.8
Net change in:		
Accounts receivable and accrued utility revenues	(272.9)	(282.1)
Inventories	52.9	26.4
Deferred fuel costs	3.4	34.3
Accounts payable	78.2	135.2
Other current assets and liabilities	(12.1)	9.8
Net cash provided by operating activities	104.2	150.9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(50.2)	(51.1)
Net proceeds from disposals of assets	3.9	2.3
Acquisitions of businesses, net of cash acquired	(275.7)	(13.6)
Short-term investments decrease (increase)	40.0	(45.0)
Other, net	0.1	1.6
Net cash used by investing activities	(281.9)	(105.8)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends on UGI Common Stock	(24.4)	(23.4)
Distributions on AmeriGas Partners publicly held Common Units	(30.6)	(27.4)
Issuance of long-term debt	-	89.1
Repayment of long-term debt	(6.6)	(117.0)
AmeriGas Propane bank loans increase (decrease)	3.0	(10.0)
UGI Utilities bank loans increase (decrease)	1.7	(9.5)
Other bank loans (decrease) increase	(0.9)	0.1
Issuance of UGI Common Stock	236.6	8.2
Net cash provided (used) by financing activities	178.8	(89.9)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.1	(0.3)
Cash and cash equivalents increase (decrease)	\$ 1.2	\$ (45.1)
Cash and cash equivalents:		
End of period	\$ 143.3	\$ 149.2
Beginning of period	142.1	194.3
Increase (decrease)	\$ 1.2	\$ (45.1)

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

1. BASIS OF PRESENTATION

UGI Corporation ("UGI") is a holding company that owns and operates natural gas and electric utility, electricity generation, retail propane distribution, energy marketing and related businesses in the United States. Through foreign subsidiaries and joint-venture affiliates, UGI also distributes liquefied petroleum gases ("LPG") in France, Austria, the Czech Republic, Slovakia and China.

Our natural gas and electric distribution utility businesses are conducted through our wholly owned subsidiary, UGI Utilities, Inc. ("UGI Utilities"). UGI Utilities owns and operates a natural gas distribution utility ("Gas Utility") in parts of eastern and southeastern Pennsylvania and an electricity distribution utility ("Electric Utility") in northeastern Pennsylvania. Gas Utility and Electric Utility are subject to regulation by the Pennsylvania Public Utility Commission ("PUC").

We conduct a national propane distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners") and its principal operating subsidiaries AmeriGas Propane, L.P. ("AmeriGas OLP") and AmeriGas OLP's subsidiary, AmeriGas Eagle Propane, L.P. ("Eagle OLP"). AmeriGas Partners, AmeriGas OLP and Eagle OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner") serves as the general partner of AmeriGas Partners and AmeriGas OLP. AmeriGas OLP and Eagle OLP (collectively referred to as "the Operating Partnerships") comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 46 states. We refer to AmeriGas Partners and its subsidiaries together as "the Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane." At March 31, 2004, the General Partner and its wholly owned subsidiary Petrolane Incorporated ("Petrolane") collectively held a 1% general partner interest and a 46.4% limited partner interest in AmeriGas Partners, and effective 47.9% and 47.8% ownership interests in AmeriGas OLP and Eagle OLP, respectively. Our limited partnership interest in AmeriGas Partners comprises 24,525,004 Common Units. The remaining 52.6% interest in AmeriGas Partners comprises 27,848,268 publicly held Common Units representing limited partner interests.

Our wholly owned subsidiary, UGI Enterprises, Inc. ("Enterprises"), conducts an energy marketing business primarily in the Eastern region of the United States through its wholly owned subsidiary, UGI Energy Services, Inc. ("Energy Services"). Energy Services' wholly owned subsidiary UGI Development Company ("UGID"), and UGID's subsidiaries and joint-venture affiliate Hunlock Creek Energy Ventures, own and operate interests in Pennsylvania-based electricity generation assets. Prior to their transfer to Energy Services in June 2003, UGID and its subsidiaries were wholly owned subsidiaries of UGI Utilities. Through other subsidiaries, Enterprises (1) owns and operates LPG distribution businesses in France ("Antargaz") and in Austria, the Czech Republic and Slovakia ("FLAGA"); (2) owns and operates a heating, ventilation, air-conditioning and refrigeration service business in the Middle Atlantic states ("HVAC"); and (3) participates in a propane joint-venture business in China.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

Our condensed consolidated financial statements include the accounts of UGI and its controlled subsidiary companies, which, except for the Partnership, are majority owned, and are together referred to as "we" or "the Company." We eliminate all significant intercompany accounts and transactions when we consolidate. We report the public's limited partner interests in the Partnership as minority interests. Entities in which we own 50 percent or less and in which we exercise significant influence over operating and financial policies are accounted for by the equity method.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The September 30, 2003 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the year ended September 30, 2003 ("Company's 2003 Annual Report"). Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

EARNINGS PER COMMON SHARE. On January 28, 2003, UGI's Board of Directors approved a 3-for-2 split of UGI's Common Stock. On April 1, 2003, UGI issued one additional common share for every two common shares outstanding to shareholders of record on February 28, 2003. Average shares outstanding, earnings per share and dividends declared per share for all periods presented are reflected on a post-split basis.

Basic earnings per share reflect the weighted-average number of common shares outstanding. Diluted earnings per share include the effects of dilutive stock options and common stock awards. Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
Denominator (millions of shares):				
Average common shares				
outstanding for basic computation	44.299	41.958	43.566	41.822
Incremental shares issuable for stock				
options and awards	1.011	1.032	1.059	0.968
Average common shares outstanding for				
diluted computation	45.310	42.990	44.625	42.790

STOCK-BASED COMPENSATION. As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), we apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

Stock Issued to Employees" ("APB 25"), in recording compensation expense for grants of stock, stock options, and other equity instruments to employees. We use the intrinsic value method prescribed by APB 25 for our stock-based employee compensation plans.

We recognized total stock and unit-based compensation expense of \$2.4 million and \$6.5 million in the three and six months ended March 31, 2004, respectively, and \$4.8 million and \$6.6 million in the three and six months ended March 31, 2003, respectively. If we had determined stock-based compensation expense under the fair value method prescribed by SFAS 123, net income and basic and diluted earnings per share for the three and six months ended March 31, 2004 and 2003 would have been as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
Net income as reported	\$ 67.1	\$ 69.8	\$ 105.9	\$ 106.5
Add: Stock and unit-based employee compensation expense included in reported net income, net of related tax effects	1.4	2.9	3.9	4.0
Deduct: Total stock and unit-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(1.8)	(3.1)	(4.4)	(4.4)
Pro forma net income	\$ 66.7	\$ 69.6	\$ 105.4	\$ 106.1
Basic earnings per share:				
As reported	\$ 1.51	\$ 1.66	\$ 2.43	\$ 2.55
Pro forma	\$ 1.51	\$ 1.66	\$ 2.42	\$ 2.54
Diluted earnings per share:				
As reported	\$ 1.48	\$ 1.62	\$ 2.37	\$ 2.49
Pro forma	\$ 1.47	\$ 1.62	\$ 2.36	\$ 2.48

COMPREHENSIVE INCOME. The following table presents the components of comprehensive income for the three and six months ended March 31, 2004 and 2003:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
Net income	\$ 67.1	\$ 69.8	\$ 105.9	\$ 106.5
Other comprehensive (loss) income	(4.2)	(1.4)	6.7	3.5
Comprehensive income	\$ 62.9	\$ 68.4	\$ 112.6	\$ 110.0

Other comprehensive income principally comprises (1) changes in the fair value of derivative commodity instruments and interest rate protection agreements qualifying as hedges and (2) foreign currency translation adjustments, net of reclassifications to net income.

RECLASSIFICATIONS. We have reclassified certain prior-year period balances to conform to the current-period presentation.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

USE OF ESTIMATES. We make estimates and assumptions when preparing financial statements in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

UGI UTILITIES PREFERRED SHARES SUBJECT TO MANDATORY REDEMPTION. Beginning July 1, 2003, the Company accounts for UGI Utilities preferred shares subject to mandatory redemption in accordance with SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes guidelines on how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150 results in the Company presenting UGI Utilities preferred shares subject to mandatory redemption in the liabilities section of the balance sheet and reflecting dividends paid on these shares as a component of interest expense for periods presented after June 30, 2003. Because SFAS 150 specifically prohibits the restatement of financial statements prior to its adoption, prior period amounts have not been reclassified.

2. COMMON STOCK ACTIVITY

In March 2004, UGI Corporation sold 7.5 million shares of common stock in an underwritten public offering at a public offering price of \$32.10 per share. The proceeds of the public offering totaling \$230.2 million were used to fund a portion of the purchase price of the remaining ownership interests in AGZ Holding. During April 2004, the underwriters exercised a portion of their over-allotment option for the purchase of an additional 0.3 million shares.

3. ACQUISITIONS

On March 31, 2004 (the "Closing Date"), UGI, through its subsidiary, UGI Bordeaux Holding (as assignee of UGI France, Inc. ("UGI France")), completed its acquisition of the remaining outstanding 80.5% ownership interests of AGZ Holding, a French corporation and the parent company of Antargaz, a French corporation and a leading distributor of liquefied petroleum gases in France, pursuant to the terms of (i) a Share Purchase Agreement dated as of February 17, 2004, by and among UGI France, UGI, PAI partners, a French corporation ("PAI"), and certain officers, directors and managers of AGZ Holding and Antargaz and their affiliates, and (ii) that certain Medit Joinder Agreement dated February 20, 2004, by and among UGI France, UGI, Medit Mediterranea GPL, S.r.l., a company incorporated under the laws of Italy ("Medit"), and PAI. The acquisition of the remaining interests in AGZ Holding is consistent with our growth strategies and core competencies.

The purchase price on the Closing Date of 261.8 million euros or \$319.2 million (excluding transaction fees and expenses) is subject to post-closing working capital and net debt adjustments. UGI used \$230.2 million of cash proceeds from its public offering of 7.5 million shares of its common stock in March 2004, and \$89.0 million of available cash to fund the purchase price.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

The acquisition of AGZ Holding has been accounted for as a step acquisition. UGI's initial 19.5% equity investment in AGZ Holding has been allocated to 19.5% of AGZ Holding's assets and liabilities at March 31, 2004. The amount by which the carrying value of UGI's equity investment exceeded the aforementioned allocation has been recorded as goodwill. The purchase price of the remaining 80.5% of AGZ Holding, including transaction fees and expenses, has been preliminarily allocated to the assets acquired and liabilities assumed, representing a revaluation of the portion not already owned by UGI, as follows:

Working capital	\$ 122.2
Property, plant and equipment	483.5
Goodwill	390.8
Customer relationships (estimated useful life of eleven years)	74.3
Trademark and other intangible assets	18.1
Long-term debt	(393.2)
Deferred income taxes	(148.0)
Minority interests	(11.1)
Other assets and liabilities	(212.1)

Total	\$ 324.5
	=====

The Company is currently in the process of completing the review and determination of the fair value of the portion of AGZ Holding's assets acquired and liabilities assumed, principally the fair values of property, plant and equipment and identifiable intangible assets. Accordingly, the allocation of the purchase price is subject to revision. The assets, liabilities and equity of AGZ Holding are included in our Condensed Consolidated Balance Sheet as of March 31, 2004. The operating results of AGZ Holding will be included in our consolidated results beginning April 1, 2004. The income from our initial 19.5% equity investment is included in our consolidated results for all periods presented in our Condensed Consolidated Statements of Income.

The following table presents unaudited pro forma income statement and basic and diluted per share data for the three and six months ended March 31, 2004 and 2003 as if the acquisition of AGZ Holding had occurred as of the beginning of those periods:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
Revenues	\$ 1,569.6	\$ 1,421.5	\$ 2,639.4	\$ 2,371.5
Net income	101.3	97.2	153.1	140.9
Earnings per share:				
Basic	\$ 1.99	\$ 1.95	\$ 3.02	\$ 2.84
Diluted	\$ 1.96	\$ 1.91	\$ 2.96	\$ 2.79

The pro forma results of operations reflect AGZ Holding's historical operating results after giving effect to adjustments directly attributable to the transaction that are expected to have a continuing impact. The pro forma amounts are not necessarily indicative of the operating

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

results that would have occurred had the acquisition been completed as of the dates indicated, nor are they necessarily indicative of future operating results. The preliminary purchase price allocation was based upon currently available information and is subject to final adjustments. Accordingly, the actual adjustments to be recorded in connection with the final purchase price allocation may differ materially from the preliminary allocation.

On October 1, 2003, AmeriGas OLP acquired substantially all of the retail propane distribution assets and business of Horizon Propane LLC ("Horizon Propane") for total cash consideration of \$31.0 million. In December 2003, AmeriGas OLP paid Horizon Propane a working capital adjustment of \$0.1 million in accordance with the Asset Purchase Agreement. During its fiscal year ended June 30, 2003, Horizon Propane sold over 30 million gallons of propane from ninety locations in twelve states. In addition, AmeriGas OLP completed several smaller acquisitions of retail propane businesses and HVAC acquired a heating, ventilation, air-conditioning and refrigeration business during the six months ended March 31, 2004. The pro forma effect of these transactions is not material.

4. SEGMENT INFORMATION

We have organized our business units into five reportable segments generally based upon products sold, geographic location (domestic or international) or regulatory environment. Our reportable segments are: (1) AmeriGas Propane; (2) Gas Utility; (3) Electric Utility; (4) Energy Services (comprising Energy Services' gas marketing business and UGID's electricity generation business); and (5) an international propane segment comprising Antargaz, FLAGA and our international propane equity investment ("International Propane"). As discussed in Note 3, the preliminary purchase price allocation of AGZ Holding is included in the balance sheet segment information.

Effective October 1, 2003, we realigned our business units in order to expand the energy management services available to our customers and strengthen our focus on power marketing. Under the realignment, the operating results of UGID have been combined with those of Energy Services rather than with UGI Utilities' Electric Utility as in prior periods. We have restated our segment data for the three and six months ended and as of March 31, 2003 to be consistent with current period presentation.

The accounting policies of the five segments disclosed are the same as those described in the Significant Accounting Policies note contained in the Company's 2003 Annual Report. We evaluate AmeriGas Propane's performance principally based upon the Partnership's earnings before interest expense, income taxes, depreciation and amortization ("Partnership EBITDA"). Although we use Partnership EBITDA to evaluate AmeriGas Propane's profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America. The Company's definition of Partnership EBITDA may be different from that used by other companies. We evaluate the performance of our Gas Utility, Electric Utility, Energy Services and International Propane segments principally based upon their income before income taxes.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

4. SEGMENT INFORMATION (CONTINUED)

Three Months Ended March 31, 2004:

	Reportable Segments							Corporate & Other (a)
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Propane	
Revenues	\$1,316.6	\$ (0.7)	\$ 687.7	\$ 243.5	\$ 24.7	\$ 328.8	\$ 18.6	\$ 14.0
Cost of sales	\$ 914.4	\$ -	\$ 405.2	\$ 165.0	\$ 11.5	\$ 315.3	\$ 9.3	\$ 8.1
Segment profit:								
Operating income (loss)	\$ 181.6	\$ -	\$ 127.2	\$ 46.5	\$ 6.8	\$ 7.5	\$ (6.3)	\$ (0.1)
Income from equity investees	8.4	-	0.7	-	-	-	7.7	-
Interest expense	(26.7)	-	(21.2)	(3.9)	(0.5)	-	(1.0)	(0.1)
Minority interests in AmeriGas Partners	(55.6)	-	(55.6)	-	-	-	-	-
Income before income taxes	\$ 107.7	\$ -	\$ 51.1	\$ 42.6	\$ 6.3	\$ 7.5	\$ 0.4	\$ (0.2)
Depreciation and amortization Partnership EBITDA (b)	\$ 28.4	\$ -	\$ 19.8	\$ 5.1	\$ 1.0	\$ 1.0	\$ 1.2	\$ 0.3
Segment assets (at period end)	\$4,358.9	\$(352.5)	\$1,594.9	\$ 763.2	\$ 89.0	\$ 217.6	\$ 1,635.1	\$ 411.6
Investments in equity investees (at period end)	\$ 15.1	\$ -	\$ 3.5	\$ -	\$ -	\$ 8.7	\$ 2.9	\$ -
Goodwill and excess reorganization value (at period end)	\$1,171.6	\$ -	\$ 605.7	\$ -	\$ -	\$ 2.8	\$ 557.9	\$ 5.2

Three Months Ended March 31, 2003:

	Reportable Segments							Corporate & Other (a)
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Propane	
Revenues	\$1,135.9	\$ (0.6)	\$ 625.6	\$ 239.9	\$ 24.7	\$ 217.2	\$ 18.1	\$ 11.0
Cost of sales	\$ 754.9	\$ -	\$ 360.6	\$ 159.0	\$ 11.7	\$ 207.3	\$ 10.3	\$ 6.0
Segment profit:								
Operating income	\$ 184.4	\$ -	\$ 115.6	\$ 55.1	\$ 6.5	\$ 5.9	\$ 1.3	\$ -
Income (loss) from equity investees	5.0	-	(0.1)	-	-	-	5.1	-
Loss on extinguishment of debt	(3.0)	-	(3.0)	-	-	-	-	-
Interest expense	(27.1)	-	(21.8)	(3.5)	(0.7)	-	(1.0)	(0.1)
Minority interests in AmeriGas Partners	(44.8)	-	(44.8)	-	-	-	-	-
Income before income taxes	\$ 114.5	\$ -	\$ 45.9	\$ 51.6	\$ 5.8	\$ 5.9	\$ 5.4	\$ (0.1)
Depreciation and amortization Partnership EBITDA (b)	\$ 25.4	\$ -	\$ 18.6	\$ 4.6	\$ 0.7	\$ 0.3	\$ 0.9	\$ 0.3
Segment assets (at period end)	\$2,900.5	\$(43.7)	\$1,580.9	\$ 744.9	\$ 91.0	\$ 168.6	\$ 162.1	\$ 196.7
Investments in equity investees (at period end)	\$ 46.1	\$ -	\$ 3.5	\$ -	\$ -	\$ 11.4	\$ 31.2	\$ -
Goodwill and excess reorganization value (at period end)	\$ 653.5	\$ -	\$ 590.3	\$ -	\$ -	\$ -	\$ 58.7	\$ 4.5

(a) Corporate & Other results of operations principally comprise UGI Enterprises' HVAC operations, net expenses of UGI's captive general liability insurance company and UGI Corporation's unallocated corporate and general expenses, and interest income. Corporate & Other assets principally comprise cash, short-term investments and an intercompany loan.

(b) The following table provides a reconciliation of Partnership EBITDA to AmeriGas Propane operating income:

Three months ended March 31, -----	2004 -----	2003 -----
Partnership EBITDA	\$ 146.6	\$ 129.9
Depreciation and amortization (i)	(19.8)	(18.4)
Minority interests (ii)	1.1	1.0
(Income) loss from equity investees	(0.7)	0.1
Loss on extinguishment of debt	-	3.0
	-----	-----
Operating income	\$ 127.2	\$ 115.6
	=====	=====

(i) Excludes General Partner depreciation and amortization of \$0.2 in the three months ended March 31, 2003.

(ii) Principally represents the General Partner's 1.01% interest in AmeriGas OLP.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

4. SEGMENT INFORMATION (CONTINUED)

Six Months Ended March 31, 2004:

	Reportable Segments							Corporate & Other (a)
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Propane	
Revenues	\$2,210.3	\$ (1.3)	\$1,147.9	\$ 392.8	\$ 46.1	\$ 561.7	\$ 34.4	\$ 28.7
Cost of sales	\$1,511.4	\$ -	\$ 659.7	\$ 260.1	\$ 22.0	\$ 536.0	\$ 16.9	\$ 16.7
Segment profit:								
Operating income (loss)	\$ 289.9	\$ -	\$ 192.8	\$ 75.9	\$ 11.3	\$ 13.8	\$ (4.5)	\$ 0.6
Income from equity investees	12.6	-	0.7	-	-	-	11.9	-
Interest expense	(53.4)	-	(42.3)	(8.0)	(1.0)	-	(1.9)	(0.2)
Minority interests in AmeriGas Partners	(78.3)	-	(78.3)	-	-	-	-	-
Income before income taxes	\$ 170.8	\$ -	\$ 72.9	\$ 67.9	\$ 10.3	\$ 13.8	\$ 5.5	\$ 0.4
Depreciation and amortization Partnership EBITDA (b)	\$ 55.8	\$ -	\$ 39.5	\$ 9.7	\$ 1.7	\$ 2.0	\$ 2.3	\$ 0.6
Segment assets (at period end)	\$4,358.9	\$(352.5)	\$1,594.9	\$ 763.2	\$ 89.0	\$ 217.6	\$ 1,635.1	\$ 411.6
Investments in equity investees (at period end)	\$ 15.1	\$ -	\$ 3.5	\$ -	\$ -	\$ 8.7	\$ 2.9	\$ -
Goodwill and excess reorganization value (at period end)	\$1,171.6	\$ -	\$ 605.7	\$ -	\$ -	\$ 2.8	\$ 557.9	\$ 5.2

Six Months Ended March 31, 2003:

	Reportable Segments							Corporate & Other (a)
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Propane	
Revenues	\$1,875.8	\$ (1.2)	\$1,070.6	\$ 385.0	\$ 46.2	\$ 322.1	\$ 32.4	\$ 20.7
Cost of sales	\$1,208.0	\$ -	\$ 604.0	\$ 247.4	\$ 21.6	\$ 305.4	\$ 18.6	\$ 11.0
Segment profit:								
Operating income	\$ 291.8	\$ -	\$ 179.8	\$ 88.6	\$ 12.1	\$ 9.8	\$ 1.6	\$ (0.1)
Income from equity investees	6.9	-	0.1	-	-	-	6.8	-
Loss on extinguishment of debt	(3.0)	-	(3.0)	-	-	-	-	-
Interest expense	(55.3)	-	(44.5)	(7.2)	(1.3)	-	(2.1)	(0.2)
Minority interests in AmeriGas Partners	(65.3)	-	(65.3)	-	-	-	-	-
Income before income taxes	\$ 175.1	\$ -	\$ 67.1	\$ 81.4	\$ 10.8	\$ 9.8	\$ 6.3	\$ (0.3)
Depreciation and amortization Partnership EBITDA (b)	\$ 49.6	\$ -	\$ 36.1	\$ 9.1	\$ 1.5	\$ 0.6	\$ 1.8	\$ 0.5
Segment assets (at period end)	\$2,900.5	\$(43.7)	\$1,580.9	\$ 744.9	\$ 91.0	\$ 168.6	\$ 162.1	\$ 196.7
Investments in equity investees (at period end)	\$ 46.1	\$ -	\$ 3.5	\$ -	\$ -	\$ 11.4	\$ 31.2	\$ -
Goodwill and excess reorganization value (at period end)	\$ 653.5	\$ -	\$ 590.3	\$ -	\$ -	\$ -	\$ 58.7	\$ 4.5

(a) Corporate & Other results of operations principally comprise UGI Enterprises' HVAC operations, net expenses of UGI's captive general liability insurance company and UGI Corporation's unallocated corporate and general expenses, and interest income. Corporate & Other assets principally comprise cash, short-term investments and an intercompany loan.

(b) The following table provides a reconciliation of Partnership EBITDA to AmeriGas Propane operating income:

Six months ended March 31,	2004	2003
-----	-----	-----
Partnership EBITDA	\$ 231.2	\$ 211.2
Depreciation and amortization (i)	(39.5)	(35.9)
Minority interests (ii)	1.8	1.6
Income from equity investees	(0.7)	(0.1)
Loss on extinguishment of debt	-	3.0
-----	-----	-----
Operating income	\$ 192.8	\$ 179.8
	=====	=====

(i) Excludes General Partner depreciation and amortization of \$0.2 in the six months ended March 31, 2003.

(ii) Principally represents the General Partner's 1.01% interest in AmeriGas OLP.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)
(Millions of dollars, except per share amounts)

5. INTANGIBLE ASSETS

The Company's intangible assets comprise the following:

	March 31, 2004	September 30, 2003
	-----	-----
Not subject to amortization:		
Goodwill	\$ 1,078.3	\$ 578.2
Excess reorganization value	93.3	93.3
	-----	-----
	\$ 1,171.6	\$ 671.5
	-----	-----
Other intangible assets:		
Customer relationships, noncompete agreements and other	\$ 143.2	\$ 51.1
Trademark (not subject to amortization)	21.3	-
	-----	-----
Gross carrying amount	164.5	51.1
	-----	-----
Accumulated amortization	(19.6)	(16.4)
	-----	-----
	\$ 144.9	\$ 34.7
	=====	=====

The increase in intangible assets during the six months ended March 31, 2004 principally reflects the acquisitions of AGZ Holding and Horizon Propane. The allocation of AGZ Holding's purchase price to goodwill, customer list, trademark and other intangible assets is preliminary and is subject to revision. Amortization expense of intangible assets was \$1.5 million and \$3.2 million for the three and six months ended March 31, 2004, respectively and \$1.4 million and \$2.5 million for the three and six months ended March 31, 2003, respectively. Our expected aggregate amortization expense of intangible assets for the next five fiscal years is as follows: Fiscal 2004 - \$10.1 million; Fiscal 2005 - \$13.2 million; Fiscal 2006 - \$12.7 million; Fiscal 2007 - \$12.0 million; Fiscal 2008 - \$11.7 million.

6. ENERGY SERVICES ACCOUNTS RECEIVABLE SECURITIZATION FACILITY

Energy Services has a \$100 million receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring on August 26, 2006, although the Receivables Facility may terminate prior to such date due to the termination of the commitments of the Receivables Facility back-up purchasers. Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in the receivables to a commercial paper conduit of a major bank. The maximum level of funding available at any one time from this facility is \$100 million. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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Liabilities." Energy Services continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC.

During the three and six months ended March 31, 2004 Energy Services sold trade receivables totaling \$325.7 million and \$543.0 million, respectively, to ESFC. During the three months ended March 31, 2004, ESFC sold an aggregate \$129 million of undivided interests in its trade receivables to the commercial paper conduit. At March 31, 2004, the outstanding balance of ESFC trade receivables was \$90.2 million which amount is net of \$12 million in trade receivables sold to the commercial paper conduit.

In addition, a major bank has committed to issue up to \$50 million of standby letters of credit, secured by cash or marketable securities ("LC Facility"). Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires on September 13, 2004.

7. DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS

In December 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits" ("SFAS 132"). As required by SFAS 132, the Company is providing the following supplemental disclosures regarding its defined benefit pension plans and its postretirement health and life insurance plans.

We sponsor a defined benefit pension plan ("UGI Utilities Pension Plan") for employees of UGI, UGI Utilities, and certain of UGI's other wholly owned subsidiaries. In addition, we provide postretirement health care benefits to certain retirees and a limited number of active employees meeting certain age and service requirements, and postretirement life insurance benefits to nearly all domestic active and retired employees. Net periodic expense (income) and other postretirement benefit costs include the following components:

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

	Pension Benefits		Other Postretirements Benefits	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2004	2003	2004	2003
Service cost	\$ 1.2	\$ 1.1	\$ -	\$ -
Interest cost	3.2	3.2	0.4	0.4
Expected return on assets	(4.3)	(4.5)	(0.1)	(0.1)
Amortization of:				
Transition (asset) obligation	(0.3)	(0.4)	0.2	0.2
Prior service cost	0.2	0.2	-	-
Actuarial (gain) loss	0.3	0.1	0.1	-
Net benefit cost (income)	0.3	(0.3)	0.6	0.5
Change in regulatory assets and liabilities	-	-	0.3	0.3
Net expense (income)	\$ 0.3	\$ (0.3)	\$ 0.9	\$ 0.8

	Pension Benefits		Other Postretirements Benefits	
	Six Months Ended		Six Months Ended	
	March 31,		March 31,	
	2004	2003	2004	2003
Service cost	\$ 2.5	\$ 2.3	\$ 0.1	\$ 0.1
Interest cost	6.5	6.5	0.7	0.9
Expected return on assets	(8.7)	(9.0)	(0.2)	(0.2)
Amortization of:				
Transition (asset) obligation	(0.7)	(0.8)	0.3	0.5
Prior service cost	0.3	0.3	-	-
Actuarial (gain) loss	0.6	0.1	0.1	0.1
Net benefit cost (income)	0.5	(0.6)	1.0	1.4
Change in regulatory assets and liabilities	-	-	0.5	0.5
Net expense (income)	\$ 0.5	\$ (0.6)	\$ 1.5	\$ 1.9

UGI Utilities Pension Plan assets are held in trust and consist principally of equity and fixed income mutual funds. The Company does not believe it will be required to make any contributions to the UGI Utilities Pension Plan during the year ended September 30, 2004. Pursuant to orders previously issued by the PUC, UGI Utilities has established a Voluntary Employees' Beneficiary Association ("VEBA") trust to fund the UGI Utilities' postretirement obligations and to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs determined under SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions." The difference between the annual amount calculated and the amount included in UGI Utilities' rates is deferred for future recovery from, or refund to, ratepayers. UGI Utilities expects to contribute approximately \$2.3 million to the VEBA during the year ended September 30, 2004, subject to the actuarial impact of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (as more fully described in Note 10 to Condensed Consolidated Financial Statements). Through March 31, 2004, UGI Utilities has made contributions of approximately \$1.2 million to the VEBA.

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The net benefit cost of our unfunded and non-qualified supplemental executive retirement plans includes the following components:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
Service cost	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.1
Interest cost	0.2	0.1	0.3	0.3
Amortization of:				
Transition obligation	-	-	0.1	0.1
Prior service cost	-	-	-	-
Actuarial loss	0.1	0.1	0.2	0.1
Net benefit cost	\$ 0.4	\$ 0.3	\$ 0.8	\$ 0.6

8. LONG-TERM DEBT

In conjunction with the acquisition of the remaining interests in AGZ Holding, \$452.7 million of long-term debt has been reflected in our Condensed Consolidated Balance Sheet at March 31, 2004.

In April 2004, AmeriGas OLP repaid \$53.8 million of maturing First Mortgage Notes. In conjunction with this repayment, in April 2004, AmeriGas Partners issued \$28 million face amount of 8.875% Senior Notes due 2011, at an effective interest rate of 7.18%, and contributed the net proceeds of \$30.1 million to AmeriGas OLP.

On December 3, 2002, AmeriGas Partners issued \$88 million face amount of 8.875% Senior Notes due 2011 at an effective interest rate of 8.30%. The proceeds, net of underwriters' fees, of \$89.1 million were used on January 6, 2003 to redeem prior to maturity AmeriGas Partners' \$85 million face amount of 10.125% Senior Notes due 2007 at a redemption price of 102.25%, plus accrued interest. The Partnership recognized a loss of \$3.0 million in the quarter ended March 31, 2003 related to the redemption premium and other associated costs and expenses.

9. COMMITMENTS AND CONTINGENCIES

The Partnership has succeeded to certain lease guarantee obligations of Petrolane relating to Petrolane's divestiture of nonpropane operations before its 1989 acquisition by QFB Partners. Future lease payments under these leases total approximately \$13 million at March 31, 2004. The leases expire through 2010 and some of them are currently in default. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation ("Texas Eastern"), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. In December 1999, Texas Eastern filed for dissolution under the Delaware General Corporation Law. In May 2001, Petrolane filed a declaratory judgment action in the Delaware Chancery Court seeking confirmation of Texas Eastern's indemnification obligations and judicial supervision of Texas Eastern's dissolution to ensure that its indemnification obligations to Petrolane are paid or adequately provided for in accordance with law. Those proceedings are pending. Pursuant to a Liquidation and Winding Up Agreement dated September 17, 2002, PanEnergy

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

Corporation ("PanEnergy"), Texas Eastern's sole stockholder, assumed all of Texas Eastern's liabilities as of December 20, 2002, to the extent of the value of Texas Eastern's assets transferred to PanEnergy as of that date (which was estimated to exceed \$94 million), and to the extent that such liabilities arise within ten years from Texas Eastern's date of dissolution. Notwithstanding the dissolution proceeding, and based on Texas Eastern previously having satisfied directly defaulted lease obligations without the Partnership's having to honor its guarantee, we believe that the probability that the Partnership will be required to directly satisfy the lease obligations subject to the indemnification agreement is remote.

On August 21, 2001, AmeriGas Partners, through AmeriGas OLP, acquired the propane distribution businesses of Columbia Energy Group (the "2001 Acquisition") pursuant to the terms of a purchase agreement (the "2001 Acquisition Agreement") by and among Columbia Energy Group ("CEG"), Columbia Propane Corporation ("Columbia Propane"), Columbia Propane, L.P. ("CPLP"), CP Holdings, Inc. ("CPH," and together with Columbia Propane and CPLP, the "Company Parties"), AmeriGas Partners, AmeriGas OLP and the General Partner (together with AmeriGas Partners and AmeriGas OLP, the "Buyer Parties"). As a result of the 2001 Acquisition, AmeriGas OLP acquired all of the stock of Columbia Propane and CPH and substantially all of the partnership interests of CPLP. Under the terms of an earlier acquisition agreement (the "1999 Acquisition Agreement"), the Company Parties agreed to indemnify the former general partners of National Propane Partners, L.P. (a predecessor company of the Columbia Propane businesses) and an affiliate (collectively, "National General Partners") against certain income tax and other losses that they may sustain as a result of the 1999 acquisition by CPLP of National Propane Partners, L.P. (the "1999 Acquisition") or the operation of the business after the 1999 Acquisition ("National Claims"). At March 31, 2004, the potential amount payable under this indemnity by the Company Parties was approximately \$63 million. These indemnity obligations will expire on the date that CPH acquires the remaining outstanding partnership interest of CPLP, which is expected to occur on or after July 19, 2009.

Under the terms of the 2001 Acquisition Agreement, CEG agreed to indemnify the Buyer Parties and the Company Parties against any losses that they sustain under the 1999 Acquisition Agreement and related agreements ("Losses"), including National Claims, to the extent such claims are based on acts or omissions of CEG or the Company Parties prior to the 2001 Acquisition. The Buyer Parties agreed to indemnify CEG against Losses, including National Claims, to the extent such claims are based on acts or omissions of the Buyer Parties or the Company Parties after the 2001 Acquisition. CEG and the Buyer Parties have agreed to apportion certain losses resulting from National Claims to the extent such losses result from the 2001 Acquisition itself.

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of manufactured gas plants ("MGPs") prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. Pursuant to the requirements of the Public Utility

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Holding Company Act of 1935, UGI Utilities divested all of its utility operations other than those which now constitute Gas Utility and Electric Utility.

UGI Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because Gas Utility is currently permitted to include in rates, through future base rate proceedings, prudently incurred remediation costs associated with such sites. UGI Utilities has been notified of several sites outside Pennsylvania on which (1) MGPs were formerly operated by it or owned or operated by its former subsidiaries and (2) either environmental agencies or private parties are investigating the extent of environmental contamination or performing environmental remediation. UGI Utilities is currently litigating three claims against it relating to out-of-state sites.

Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

In April 2003, Citizens Communications Company ("Citizens") served a complaint naming UGI Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined UGI Utilities and ten other third party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. The City believes that it could cost as much as \$50 million to clean up the river. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served UGI Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that UGI Utilities is responsible for 20% of approximately \$8.0 million incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. UGI Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

AGL previously informed UGI Utilities that it was investigating contamination that appeared to be related to MGP operations at a site owned by AGL in Savannah, Georgia. A former subsidiary of UGI Utilities' operated the MGP in the early 1900's. AGL has recently informed UGI Utilities that it has begun remediation of MGP wastes at the site and believes that the total cost of remediation could be as high as \$55 million. AGL has stated an intention

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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to make a claim against UGI Utilities for a share of these costs. UGI Utilities believes that it will have substantial defenses to any action that may arise out of this site.

On September 20, 2001, Consolidated Edison Company of New York ("ConEd") filed suit against UGI Utilities in the United States District Court for the Southern District of New York, seeking contribution from UGI Utilities for an allocated share of response costs associated with investigating and assessing gas plant related contamination at former MGP sites in Westchester County, New York. The complaint alleges that UGI Utilities "owned and operated" the MGPs prior to 1904. The complaint also seeks a declaration that UGI Utilities is responsible for an allocated percentage of future investigative and remedial costs at the sites. ConEd believes that the cost of remediation for all of the sites could exceed \$70 million. In November 2003, the court granted UGI Utilities' motion for summary judgment in part, dismissing all claims premised on a disregard of the separate corporate form of UGI Utilities' former subsidiaries and dismissing claims premised on UGI Utilities' operation of three of the MGPs under operating leases with ConEd's predecessors. The court reserved decision on the remaining theory of liability, that UGI Utilities was a direct operator of the remaining MGPs. In March 2004, the court granted summary judgment on the remaining claims and dismissed ConEd's complaint. ConEd has appealed.

Antargaz has filed suit against the French tax authorities in connection with the assessment of business tax related to the tax treatment of Antargaz owned tanks at customer locations used to store LPG. Antargaz has recorded a liability for the business tax relating to tanks for the period from January 1, 1997 through March 31, 2004 of approximately 25.4 million euros (\$31.2 million). Elf Antar France, now Total France, and Elf Aquitaine, former owners of Antargaz, agreed to indemnify Antargaz for all payments which would have been due from Antargaz in respect of the business tax related to its tanks for the period from January 1, 1997 through December 31, 2000. As of March 31, 2004, the indemnity from the former owners represents approximately 9.4 million euros (\$11.6 million) of the business tax liability. In March 2004, the local court rendered a decision against Antargaz which resulted in a 1.7 million euros (\$2.1 million) assessment by the tax assessor relating to the business tax at certain sites in the pending suit. Antargaz paid this assessment and was fully reimbursed in April 2004 for this assessment pursuant to the indemnity agreement.

In addition to these matters, there are other pending claims and legal actions arising in the normal course of our businesses. We cannot predict with certainty the final results of environmental and other matters. However, it is reasonably possible that some of them could be resolved unfavorably to us. Although we currently believe that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on our financial position, damages or settlements could be material to our operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

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(unaudited)
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10. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB revised Financial Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which was originally issued in January 2003 and clarifies Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 was effective immediately for variable interest entities created or obtained after January 31, 2003. For variable interests created or acquired before February 1, 2003, FIN 46 is effective for our interim period ended March 31, 2004. If certain conditions are met, FIN 46 requires the primary beneficiary to consolidate certain variable interest entities. The Company has not created or obtained any variable interest entities after January 31, 2003. The adoption of FIN 46 did not have a material effect on the Company's financial position or results of operations.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was signed into law. Among other things, the Act provides for a prescription drug benefit to Medicare beneficiaries on a voluntary basis beginning in 2006. To encourage employers to continue to offer retiree prescription drug benefits, the Act provides for a tax-free subsidy to employers who offer a prescription drug benefit that is at least actuarially equivalent to the standard benefit offered under the Act.

The Company provides postretirement health care benefits principally to certain of UGI Utilities' retirees and a limited number of active employees meeting certain age and service requirements. These postretirement benefits include certain retiree prescription drug benefits. Pursuant to orders previously issued by the PUC, UGI Utilities has established a VEBA trust to fund UGI Utilities' postretirement benefit obligations and to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefit costs determined under SFAS No. 106, "Employers Accounting for Postretirement Benefits Other than Pensions." The difference between the annual amount calculated and the amount in UGI Utilities' rates is deferred for future recovery from, or refund to, ratepayers.

We have elected to defer recognizing the effects of the Act in accounting for these benefits and in providing disclosures until authoritative guidance on the accounting for the federal subsidy is issued, in accordance with FASB Staff Position No. FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-1"). Therefore, the Condensed Consolidated Financial Statements and accompanying footnotes do not reflect the effects of the Act. Authoritative guidance, when issued, could require us to change the amount of postretirement benefit costs we are currently recording. However, under the current ratemaking described above, any increases or decreases in postretirement benefit costs resulting from the Act will not affect our reported results. In addition, because of the limited number of participants in the program and the current level of postretirement benefits, we do not believe the Act will have a material effect on the Company's cash flows.

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

FORWARD-LOOKING STATEMENTS

Information contained in this Financial Review and elsewhere in this Quarterly Report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) adverse weather conditions resulting in reduced demand; (2) price volatility and availability of propane, oil, electricity, and natural gas and the capacity to transport them to our market areas; (3) changes in domestic and foreign laws and regulations, including safety, tax and accounting matters; (4) competitive pressures from the same and alternative energy sources; (5) failure to acquire new customers thereby reducing or limiting any increase in revenues; (6) liability for environmental claims; (7) customer conservation measures and improvements in energy efficiency and technology resulting in reduced demand; (8) adverse labor relations; (9) large customer, counterparty or supplier defaults; (10) liability for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and propane including liability in excess of insurance coverage; (11) political, regulatory and economic conditions in the United States and in foreign countries; (12) interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; (13) reduced distributions from subsidiaries; and (14) the timing and success of the Company's efforts to develop new business opportunities.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events as required by federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare our results of operations for (1) the three months ended March 31, 2004 ("2004 three-month period") with the three months ended March 31, 2003 ("2003 three-month period") and (2) the six months ended March 31, 2004 ("2004 six-month period") with the six months ended March 31, 2003 ("2003 six-month period"). Effective October 1, 2003, our Energy Services segment includes the operating results of Energy Services' gas marketing business as well as UGID's electricity generation business. Energy Services' segment presentation for the 2003 three-month period and 2003 six-month period have been restated to conform to the current period presentation. Our analyses of results of operations should be read in conjunction with the segment information included in Note 4 to the Condensed Consolidated Financial Statements.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
	(millions of dollars)			
Net income (loss):				
AmeriGas Propane (a)	\$ 30.8	\$ 27.7	\$ 43.7	\$ 40.4
Gas Utility	25.6	30.5	40.8	48.1
Electric Utility	3.4	3.3	5.8	6.2
Energy Services (b)	4.3	3.5	8.0	5.8
International Propane	2.9	5.4	7.7	6.6
Corporate & Other	0.1	(0.6)	(0.1)	(0.6)
Total net income	\$ 67.1	\$ 69.8	\$105.9	\$106.5

(a) Amounts are net of minority interests in AmeriGas Partners, L.P.

(b) Effective October 1, 2003, the Energy Services segment includes the operating results of Energy Services' gas marketing business as well as UGID's electricity generation business. Energy Services' segment presentation for the 2003 three- and six-month periods have been restated to conform to the current period presentation.

Net income of \$67.1 million for the 2004 three-month period was lower than

the \$69.8 million for the 2003 three-month period as a result of (1) weather that was warmer than the prior year in all of our operating territories, (2) increased operating and administrative expense in our Gas Utility, (3) lower average unit margins from seasonal margin realization in our gas marketing business, and (4) a loss on settlement of contracts for the forward purchase of euros in connection with the purchase of the remaining 80.5% ownership interests that we did not already own in AGZ Holding, the parent company of French LPG distributor, Antargaz. The negative impact of the forgoing issues was substantially offset by (1) the increased retail volume in AmeriGas Propane primarily due to the acquisition in October 2003 of Horizon Propane, (2) the acquisition by UGID of an additional 4.9% interest in the Conemaugh electricity generation station, (3) the acquisition by Energy Services of the gas marketing business of TXU Energy Retail Company, L.P., and (4) an increase in the income from equity investees, principally Antargaz.

Average diluted shares outstanding were 5.4% higher for the 2004 three-month quarter reflecting a common share issuance in March 2004 to fund a portion of the purchase price of AGZ Holding and the dilutive effect of common stock options.

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For the 2004 six-month period, net income was lower than the 2003 six-month period for the reasons stated above as well as weather that was warmer than the first fiscal quarter of 2003 in our utility businesses.

As we look ahead to the remainder of fiscal 2004, our results of operations will include the consolidated results of operations of Antargaz beginning April 1, 2004. We are expecting Antargaz to experience a seasonal loss during the spring and summer months of April through September. UGI expects earnings for the fiscal year ending September 30, 2004 to be within the range of \$2.10 to \$2.20 per diluted share which includes the dilutive effect of the 7.8 million shares issued in connection with the acquisition of AGZ Holding and the seasonal loss of Antargaz. Certain factors beyond our control could affect our results of operations, including, but not limited to, changes in commodity prices, prolonged unfavorable weather conditions, and fluctuations in value of the euro versus the dollar.

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2004 THREE-MONTH PERIOD COMPARED WITH 2003 THREE-MONTH PERIOD

Three months ended March 31,	2004	2003	Increase (Decrease)	
(Millions of dollars)				
AMERIGAS PROPANE:				
Revenues	\$687.7	\$625.6	\$ 62.1	9.9%
Total margin (a)	\$282.5	\$265.0	\$ 17.5	6.6%
Partnership EBITDA (b)	\$146.6	\$129.9	\$ 16.7	12.9%
Operating income	\$127.2	\$115.6	\$ 11.6	10.0%
Retail gallons sold (millions)	403.9	393.4	10.5	2.7%
Degree days - % colder (warmer) than normal (c)	(1.5)%	1.0%	-	-
GAS UTILITY:				
Revenues	\$243.5	\$239.9	\$ 3.6	1.5%
Total margin (a)	\$ 78.5	\$ 80.9	\$ (2.4)	(3.0)%
Operating income	\$ 46.5	\$ 55.1	\$ (8.6)	(15.6)%
Income before income taxes	\$ 42.6	\$ 51.6	\$ (9.0)	(17.4)%
System throughput - billions of cubic feet ("bcf")	31.2	32.4	(1.2)	(3.7)%
Degree days - % colder than normal	2.7%	7.9%	-	-
ELECTRIC UTILITY (d):				
Revenues	\$ 24.7	\$ 24.7	\$ -	\$ -
Total margin (a)	\$ 11.9	\$ 11.7	\$ 0.2	1.7%
Operating income	\$ 6.8	\$ 6.5	\$ 0.3	4.6%
Income before income taxes	\$ 6.3	\$ 5.8	\$ 0.5	8.6%
Distribution sales - millions of kilowatt hours ("gwh")	282.2	281.1	1.1	0.4%
ENERGY SERVICES (d):				
Revenues	\$328.8	\$217.2	\$111.6	51.4%
Total margin (a)	\$ 13.5	\$ 9.9	\$ 3.6	36.4%
Income before income taxes	\$ 7.5	\$ 5.9	\$ 1.6	27.1%
INTERNATIONAL PROPANE:				
Revenues	\$ 18.6	\$ 18.1	\$ 0.5	2.8%
Total margin (a)	\$ 9.3	\$ 7.8	\$ 1.5	19.2%
Operating (loss) income	\$ (6.3)	\$ 1.3	\$ (7.6)	n.m.
Income from equity investees	\$ 7.7	\$ 5.1	\$ 2.6	51.0%
Income before income taxes	\$ 0.4	\$ 5.4	\$ (5.0)	(92.6)%

n.m.- not meaningful

(a) Total margin represents total revenues less total cost of sales and, with respect to Electric Utility, revenue-related taxes, i.e. Electric Utility gross receipts taxes, of \$1.3 million in each of the three-month periods ended March 31, 2004 and 2003. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Condensed Consolidated Statements of Income.

(b) Partnership EBITDA (earnings before interest expense, income taxes and depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America. Management uses Partnership EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 4 to the Condensed Consolidated Financial Statements).

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- (c) Deviation from average heating degree days based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 335 airports in the United States, excluding Alaska.
- (d) Effective October 1, 2003, we realigned our business units in order to expand the energy management services available to our customers and strengthen our focus on power marketing. Under the realignment, the operating results of UGID's electricity generation business are combined with Energy Services rather than combined with UGI Utilities' Electric Utility (see Note 4 to the Condensed Consolidated Financial Statements).

AMERIGAS PROPANE. Weather based upon heating degree days was 1.5% warmer than normal during the 2004 three-month period compared to weather that was 1.0% colder than normal in the prior-year three-month period. Retail propane volumes sold increased 10.5 million gallons in the 2004 three-month period due primarily to the October 2003 Horizon Propane acquisition partially offset by the continuing effects of the weakened economy on commercial and industrial customers. Low margin wholesale volumes increased 16.9 million gallons primarily reflecting the effects of product cost hedging activities.

Retail propane revenues increased \$41.8 million reflecting (1) a \$27.6 million increase due to higher average selling prices and (2) a \$14.2 million increase due to the higher retail volumes sold. Wholesale propane revenues increased \$17.3 million reflecting (1) an \$11.2 million increase due to the higher volumes sold and (2) a \$6.1 million increase due to higher average selling prices. Selling prices in the 2004 three-month period were higher than in the prior-year three-month period as the industry continues to experience high propane product costs resulting from, among other things, higher crude oil and natural gas prices. Total cost of sales increased \$44.5 million primarily reflecting the increase in volumes sold and higher propane product costs.

Total margin increased \$17.5 million principally due to higher average retail propane unit margins and the higher retail volumes sold. The benefits of derivative hedge instruments and favorable supply arrangements during this period of escalating product costs and market volatility resulted in the Partnership recording higher than normal unit margins while maintaining competitive prices.

Partnership EBITDA increased \$16.7 million in the 2004 three-month period reflecting (1) the previously mentioned increase in total margin, (2) the absence of a \$3.0 million loss on extinguishment of long-term debt that occurred in the 2003 three-month period, and (3) a \$1.6 million increase in other income. These increases were partially offset by a \$5.5 million increase in operating and administrative expenses principally due to higher employee payroll and overtime expenses related to the increased volumes associated with the Horizon Propane acquisition. These increases were partially offset by the beneficial effects on operating expenses from the management realignment completed in late Fiscal 2003 which streamlined business processes, eliminated duplication and reduced overhead expenses. Operating income in the 2004 three-month period increased less than the increase in Partnership EBITDA due to higher depreciation and amortization expense associated with recent acquisitions and the absence of the previously mentioned loss on extinguishment of long-term debt.

GAS UTILITY. Weather in Gas Utility's service territory during the 2004 three-month period was 2.7% colder than normal compared with weather that was 7.9% colder than normal in the 2003 three-month period. Total distribution system throughput decreased 1.2 bcf or 3.7% as lower volumes transported for residential, commercial and industrial delivery service customers and lower heating-related sales to firm- residential, commercial and industrial ("retail core-market") customers were partially offset by the volume effects of year-over-year retail core-market customer growth. The increase in Gas Utility revenues during the 2004 three-month period reflects greater revenues from retail core-market customers principally as a result of higher average purchased gas cost ("PGC") rates partially offset by lower revenues from delivery service customers and a decrease in revenues from off-system sales. Gas Utility cost of gas was \$165.0 million in the 2004 three-month period compared to \$159.0 million in the 2003

three-month period reflecting the previously mentioned higher average PGC rates partially offset by the effects of the lower retail core-market and off-system sales.

The decline in Gas Utility total margin reflects a \$1.6 million decline in residential, commercial and industrial delivery service total margin resulting from lower volumes transported and, to a lesser extent, lower retail core-market total margin resulting from the decline in retail core-market sales.

Gas Utility operating income declined \$8.6 million in the 2004 three-month period principally reflecting the previously mentioned decline in total margin, lower other income, and slightly higher operating and administrative expenses. Other income declined \$ 4.9 million due in large part to a \$2.7 million decline in non-tariff service income and costs related to settling a regulatory claim resulting from the discontinuance of natural gas service to certain customers. Operating and administrative expenses include, among other things, an increase in provisions for injuries and damages claims and higher pension costs partially offset by lower stock-based incentive compensation costs. The decrease in Gas Utility income before income taxes reflects the previously mentioned decline in operating income and higher interest expense in the 2004 three-month period as a result of including dividends paid on preferred shares subject to mandatory redemption as a component of interest expense in accordance with Statement of Financial Accounting Standards ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150").

ELECTRIC UTILITY. Electric Utility's 2004 three-month period kilowatt-hour sales and revenues were essentially equal with the prior-year period on weather that was 1.2% warmer than in the prior-year period. Electric Utility's cost of sales decreased \$0.2 million reflecting slightly lower per-unit purchased power costs.

Electric Utility total margin in the 2004 three-month period increased \$0.2 million principally as a result of the previously mentioned lower purchased power costs. Operating income and income before income taxes were higher in the 2004 three-month period principally reflecting the increase in total margin and lower operating and administrative expenses.

ENERGY SERVICES. The increase in Energy Services revenues in the 2004 three-month period resulted primarily from (1) a more than 35% increase in natural gas volumes sold due in large part to the March 2003 acquisition of the northeastern U.S. gas marketing business of TXU Energy Retail Company, L.P., a subsidiary of TXU Energy (the "TXU Energy Acquisition"), and to a lesser extent customer growth, and (2) the effects of UGID's June 2003 purchase of an additional 4.9% (83 megawatt) interest in the Conemaugh electricity generation station ("Conemaugh"). Notwithstanding the significant increase in natural gas volumes sold, total margin from Energy Services' gas marketing business increased only \$0.5 million in the 2004 three-month period principally due to lower average unit margins reflecting a greater proportion of annual fixed-price customer contracts. Under these contracts, customers pay an average fixed price for the natural gas they purchase throughout the year. Although the unit margin and the total margin to be earned over the term of these contracts is fixed, margin realization is seasonal because gas costs are higher, and unit margins lower, during the peak heating season months of late fall and winter, while gas costs are lower, and unit margins higher, during the late spring and summer months. Total margin from UGID's electricity generation business increased \$3.1 million reflecting the additional interest in Conemaugh.

The increase in Energy Services income before income taxes principally reflects the previously mentioned increase in total margin partially offset by higher operating expenses resulting from the purchase of the additional interest in Conemaugh and the TXU Energy Acquisition.

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INTERNATIONAL PROPANE. FLAGA's revenues increased \$0.5 million primarily reflecting the currency translation effects of a stronger euro and, to a lesser extent, higher average selling prices partially offset by a 6.5% decline in volumes sold. Volumes were lower in the 2004 three-month period principally due to the effects of customer conversion to natural gas in the bulk heating market, weather that was 3.6% warmer than in the prior-year three-month period and price competition in the autogas market. The increase in the 2004 three-month period total margin reflects the translation effects of the stronger euro and higher base-currency total margin. The \$7.6 million decrease in International Propane operating income reflects (1) a loss of \$9.1 million recorded in other income resulting from the effects of an adverse change in the value of the euro versus the dollar on the settlement of contracts for the forward purchase of euros used to fund the AGZ Holding acquisition and (2) a \$1.4 million increase in FLAGA operating income which was substantially the result of higher base-currency total margin, lower base-currency operating and administrative expenses, and the translation effects of a stronger euro.

The increase in the 2004 three-month period earnings from our equity investees is principally the result of higher income from AGZ Holding, the parent company of Antargaz, reflecting the favorable base-currency results and the effects of a stronger euro than in the prior-year three-month period. Antargaz' total margin increased as a result of higher unit-margins on lower volumes sold. In addition, Antargaz' operating results benefited from lower interest expense.

The decrease in International Propane income before income taxes reflects the combined increase in FLAGA operating income and in our income from equity investees offset by the previously mentioned loss on the forward purchase contracts. International Propane results will include Antargaz' results of operations on a consolidated basis beginning April 1, 2004.

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2004 SIX-MONTH PERIOD COMPARED WITH 2003 SIX-MONTH PERIOD

Six months ended March 31, -----	2004	2003	Increase (Decrease)	
-----	-----	-----	-----	-----
(Millions of dollars)				
AMERIGAS PROPANE:				
Revenues	\$1,147.9	\$1,070.6	\$ 77.3	7.2%
Total margin (a)	\$ 488.2	\$ 466.6	\$ 21.6	4.6%
Partnership EBITDA	\$ 231.2	\$ 211.2	\$ 20.0	9.5%
Operating income	\$ 192.8	\$ 179.8	\$ 13.0	7.2%
Retail gallons sold (millions)	708.4	717.6	(9.2)	(1.3)%
Degree days - % colder (warmer) than normal	(4.1)%	1.1%	-	-
GAS UTILITY:				
Revenues	\$ 392.8	\$ 385.0	\$ 7.8	2.0%
Total margin (a)	\$ 132.7	\$ 137.6	\$ (4.9)	(3.6)%
Operating income	\$ 75.9	\$ 88.6	\$ (12.7)	(14.3)%
Income before income taxes	\$ 67.9	\$ 81.4	\$ (13.5)	(16.6)%
System throughput - billions of cubic feet ("bcf")	54.5	55.7	(1.2)	(2.2)%
Degree days - % colder than normal	0.0%	7.3%	-	-
ELECTRIC UTILITY:				
Revenues	\$ 46.1	\$ 46.2	\$ (0.1)	(0.2)%
Total margin (a)	\$ 21.6	\$ 22.0	\$ (0.4)	(1.8)%
Operating income	\$ 11.3	\$ 12.1	\$ (0.8)	(6.6)%
Income before income taxes	\$ 10.3	\$ 10.8	\$ (0.5)	(4.6)%
Distribution sales - millions of kilowatt hours ("gwh")	525.7	525.5	0.2	-
ENERGY SERVICES:				
Revenues	\$ 561.7	\$ 322.1	\$ 239.6	74.4%
Total margin (a)	\$ 25.7	\$ 16.7	\$ 9.0	53.9%
Income before income taxes	\$ 13.8	\$ 9.8	\$ 4.0	40.8%
INTERNATIONAL PROPANE:				
Revenues	\$ 34.4	\$ 32.4	\$ 2.0	6.2%
Total margin (a)	\$ 17.5	\$ 13.8	\$ 3.7	26.8%
Operating income (loss)	\$ (4.5)	\$ 1.6	\$ (6.1)	n.m.
Income from equity investees	\$ 11.9	\$ 6.8	\$ 5.1	75.0%
Income before income taxes	\$ 5.5	\$ 6.3	\$ (0.8)	(12.7)%

n.m. - not meaningful

(a) Total margin represents total revenues less total cost of sales and, with respect to Electric Utility, revenue-related taxes, i.e. Electric Utility gross receipts taxes, of \$2.5 million in the 2004 six-month period and \$2.6 million in the 2003 six-month period. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Condensed Consolidated Statements of Income.

AMERIGAS PROPANE. Based upon heating degree day data, temperatures in the 2004 six-month period were 4.1% warmer than normal compared to temperatures that were 1.1% colder than normal in the prior-year six-month period. Notwithstanding volume growth from acquisitions, retail propane volumes sold decreased 9.2 million gallons in the 2004 six-month period due principally to the effects of continuing economic weakness on commercial and industrial customer sales volumes and the warmer weather in the 2004 six-month period. Low margin wholesale volumes decreased 21.7 million gallons primarily reflecting the effects of product cost hedging activities.

Retail propane revenues increased \$67.9 million reflecting a \$79.5 million increase due to higher average selling prices partially offset by an \$11.6 million decrease due to the lower retail volumes sold. Wholesale propane revenues increased \$3.8 million as a \$16.8 million increase due to higher average selling prices was partially offset by a \$13.0 million decrease due to the lower volumes sold. Retail and wholesale selling prices were higher during the 2004 six-month period principally as a result of the continued high propane product costs within the industry. Other revenues from ancillary sales and services were \$70.5 million in the 2004 six-month period and \$64.9 million in the 2003 six-month period. Although total propane volumes decreased, total cost of sales increased \$55.7 million reflecting the effects of higher propane product costs.

Total margin increased \$21.6 million as a result of (1) recent acquisitions and higher average retail and wholesale propane unit margins on reduced gallons sold and (2) a \$3.8 million increase in margin from ancillary sales and services. Notwithstanding the previously mentioned increase in the commodity price of propane, retail and wholesale propane unit margins were higher than in the 2003 six-month period reflecting the effects of higher average selling prices.

Partnership EBITDA increased \$20.0 million in the 2004 six-month period reflecting (1) the previously mentioned increase in total margin, (2) a \$3.7 million increase in other income, and (3) the absence of a \$3.0 million loss on extinguishment of long-term debt in the prior year six-month period. These increases were partially offset by an \$8.3 million increase in operating and administrative expenses principally due to higher compensation and distribution expenses resulting from the impact of Horizon Propane and other recent acquisitions, partially offset by the beneficial effects on operating expenses from the management realignment completed in late Fiscal 2003. Other income in the 2004 six-month period includes greater income from finance charges and asset sales while other income in the prior-year six-month period was reduced by a \$1.0 million charge associated with the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations." Operating income in the 2004 six-month period increased less than the increase in Partnership EBITDA due to higher depreciation and amortization expense as a result of recent acquisitions and the absence of the aforementioned loss on extinguishment of long-term debt.

GAS UTILITY. Weather in Gas Utility's service territory during the 2004 six-month period was essentially normal compared with weather that was 7.3% colder than normal in the 2003 six-month period. Total distribution system throughput decreased 1.2 bcf or 2.2% as the adverse effects of the warmer weather on sales to retail core-market customers were partially offset by a slight increase in sales to residential, commercial and industrial delivery service customers and the volume effects of year-over-year retail core-market customer growth. The increase in Gas Utility revenues during the 2004 six-month period includes a \$9.4 million increase in revenues from off-system sales and slightly higher retail core-market revenues partially offset by lower delivery service revenues. The slight increase in retail core-market revenues reflects higher average PGC rates substantially offset by the effects of reduced retail core-market volumes. Gas Utility cost of gas was \$260.1 million in the 2004 six-month period compared to \$247.4 million in the 2003 six-month period reflecting the effects of higher average PGC rates and increased cost of gas associated with the higher off-system sales partially offset by the effects of the lower retail core-market volumes sold.

The decline in Gas Utility total margin is principally the result of a \$2.9 million decline in retail core-market margin resulting from the lower retail core-market sales and a \$ 2.3 million decline in delivery service and interruptible retail margin.

Gas Utility operating income declined \$12.7 million in the 2004 six-month period principally reflecting the previously mentioned decline in total margin, lower other income, and an increase in operating and

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administrative expenses. Other income declined \$4.7 million due in large part to a \$2.6 million decline in non-tariff service income and costs related to settling a regulatory claim resulting from the discontinuance of natural gas service to certain customers. Operating and administrative expenses increased \$2.4 million due principally to increases in provisions for injuries and damages claims and higher compensation and benefits expenses partially offset by lower distribution system maintenance expenses. The decrease in Gas Utility income before income taxes reflects the decline in operating income and higher interest expense in the 2004 six-month period as a result of including dividends paid on preferred shares subject to mandatory redemption as a component of interest expense in accordance with SFAS 150.

ELECTRIC UTILITY. Electric Utility's 2004 six-month period kilowatt-hour sales and revenues were essentially equal with the prior-year period on winter weather that was warmer. Temperatures in the 2004 six-month period were approximately 5.0% warmer than in the prior-year period. Electric Utility's cost of sales increased slightly reflecting higher purchased power costs.

Electric Utility total margin in the 2004 six-month period decreased \$0.4 million principally as a result of the previously mentioned higher purchased power costs. Operating income and income before income taxes were lower in the 2004 six-month period principally reflecting the decline in total margin and slightly higher operating and administrative expenses.

ENERGY SERVICES. The increase in Energy Services revenues in the 2004 six-month period resulted primarily from (1) a more than 50% increase in natural gas volumes sold due in large part to the March 2003 TXU Energy Acquisition, and to a lesser extent customer growth, and (2) the effects of UGID's June 2003 purchase of additional megawatt interests in the Conemaugh electricity generation station. Total margin from Energy Services' gas marketing business increased slightly in the 2004 six-month period principally due to higher volumes sold at lower average unit margins. Energy Services' lower average unit margins reflect the greater proportion of annual fixed-price customer contracts compared to the prior-year period. Total margin from UGID's electricity generation business increased \$7.7 million reflecting the additional interest in Conemaugh.

The increase in Energy Services income before income taxes principally reflects the previously mentioned increase in total margin partially offset by higher operating expenses resulting from our purchase of the additional interest in Conemaugh and the TXU Energy Acquisition.

INTERNATIONAL PROPANE. FLAGA's revenues increased \$2.0 million primarily reflecting the currency translation effects of a stronger euro. Base-currency revenues decreased as a result of a 3.9% decline in volumes sold during the 2004 six-month period. Volumes were lower in the 2004 six-month period principally due to the effects of customer conversion to natural gas in the bulk heating market, weather that was 1.6% warmer than in the prior-year period and price competition in the autogas market. The increase in the 2004 six-month period total margin primarily reflects the translation effects of the stronger euro and to a much lesser extent higher base-currency total margin. The \$6.1 million decline in International Propane operating income reflects a loss of \$9.1 million resulting from the settlement of contracts for the forward purchase of euros used to fund the AGZ Holding acquisition, partially offset by an increase of \$2.9 million in FLAGA's operating income. The increase in FLAGA's operating income is primarily a result of reduced base-currency operating expenses partially offset by the effects of a stronger euro.

Income from our equity investees increased \$5.1 million in the 2004 six-month period primarily as a result of higher income from AGZ Holding and, to a lesser extent, the effects of a stronger euro than in the prior-year six-month period. Weather that was 6% colder than in the prior-year six-month period coupled with declines in propane product costs contributed to higher unit margins on lower volumes. Declines in Antargaz' base-currency operating expenses were partially offset by the effects of a stronger euro during the 2004 six-month period.

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The decrease in International Propane income before income taxes reflects the combined increase in FLAGA operating income and in our income from equity investees offset by the previously mentioned loss on the forward purchase contracts. International Propane results will include Antargaz' results of operations on a consolidated basis beginning April 1, 2004.

FINANCIAL CONDITION

Our cash, cash equivalents and short-term investments totaled \$153.3 million at March 31, 2004 compared with \$192.1 million at September 30, 2003. These amounts include \$35.3 million and \$116.3 million, respectively, of cash, cash equivalents and short-term investments held by UGI. The decline in cash, cash equivalents and short-term investments held by UGI compared to September 30, 2003 is a result of funding a portion of the purchase price of the acquisition of the remaining ownership interests in AGZ Holding partially offset by dividends received from subsidiaries. See Note 3 to the Condensed Consolidated Financial Statements.

The Company's long-term debt outstanding at March 31, 2004 totaled \$1,705.5 million (including current maturities of \$95.8 million) compared to \$1,223.5 million of long-term debt (including current maturities of \$65.0 million) at September 30, 2003. In April 2004, AmeriGas OLP repaid \$53.8 million of maturing First Mortgage Notes. In conjunction with this repayment, AmeriGas Partners issued \$28 million face amount of 8.875% Senior Notes due 2011, at an effective interest rate of 7.18%, and contributed the net proceeds of \$30.1 million to AmeriGas OLP.

AmeriGas OLP's Credit Agreement expires on October 15, 2006 and consists of (1) a \$100 million Revolving Credit Facility and (2) a \$75 million Acquisition Facility. The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to \$75 million to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, may be used for working capital and general purposes. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce the amount available for borrowings, totaled \$41.2 million at March 31, 2004. AmeriGas OLP's short-term borrowing needs are seasonal and are typically greatest during the fall and winter heating-season months due to the need to fund higher levels of working capital.

AmeriGas Partners periodically issues debt and equity securities and expects to continue to do so. It has issued debt securities and common units in underwritten public offerings in each of the last three fiscal years. Most recently, it has issued debt securities in April 2004 and common units in June 2003. The Partnership has effective debt and equity shelf registration statements with the SEC under which it may issue up to an additional (1) 1.4 million AmeriGas Partners Common Units and (2) up to \$500 million of debt or equity securities pursuant to an unallocated shelf registration statement.

UGI Utilities has revolving credit commitments under which it may borrow up to a total of \$110 million. These agreements expire in 2006. At March 31, 2004, UGI Utilities had \$22.4 million in borrowings outstanding under these revolving credit agreements. In addition, UGI Utilities has an uncommitted arrangement with a major bank under which it may borrow up to \$20 million. At March 31, 2004, there was \$20 million outstanding under this agreement which amount matured and was repaid on April 13, 2004. Amounts outstanding under the revolving credit agreements and the uncommitted arrangement are classified as bank loans on the Condensed Consolidated Balance Sheets. UGI Utilities also has a shelf registration statement with the SEC under which it may issue up to an additional \$40 million of Medium-Term Notes or other debt securities.

UGI CORPORATION AND SUBSIDIARIES

Energy Services has a \$100 million receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring on August 26, 2006, although the Receivables Facility may terminate prior to such date due to the termination of the commitments of the Receivables Facility back-up purchasers. Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in the receivables to a commercial paper conduit of a major bank. The maximum level of funding available at any one time from this facility is \$100 million. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Energy Services continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC. At March 31, 2004, the outstanding balance of ESFC receivables was \$90.2 million which amount is net of \$12.0 million in trade receivables sold to the commercial paper conduit.

In addition, a major bank has committed to Energy Services to issue up to \$50 million of standby letters of credit, secured by cash or marketable securities ("LC Facility"). Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires on September 13, 2004.

Antargaz has a variable interest rate Senior Facilities Agreement consisting of a 202 million euro (\$248 million) term loan and a 50 million euro revolver (\$61.5 million) which expires June 2008. Our acquisition of the remaining interests in AGZ Holding constituted a "change of control" and will result in the acceleration of all amounts borrowed and outstanding within six months of the consummation of the acquisition unless certain conditions are met. In addition, Antargaz is not permitted to make any restricted payments under the Senior Facilities Agreement during such six-month period unless certain conditions are met. We expect to obtain an amendment of the Senior Facilities Agreement to provide that our acquisition does not constitute a "change of control" under the agreement or refinance the facility by October 1, 2004. As of March 31, 2004 there were no borrowings outstanding under the revolver.

The Senior Facilities Agreement and the Trust Deed, dated July 23, 2002, among AGZ Finance, a subsidiary of AGZ Holding, as issuer, AGZ Holding, as guarantor, and the Bank of New York, as trustee, ("Trust Deed") relating to 165 million euros principal amount of 10% Senior Notes due 2011 restrict the ability of AGZ Holding to, among other things, incur additional indebtedness, make investments, incur liens, prepay indebtedness, and effect mergers, consolidations and sales of assets. Under these agreements, AGZ Holding is generally permitted to make restricted payments, such as dividends, equal to 50% of consolidated net income, as defined in each respective agreement, for 1) the immediately preceding fiscal year, in the case of the Senior Facilities Agreement, and 2) on a cumulative basis since July 2002, in the case of the Trust Deed, if no event of default exists or would exist upon payment of such restricted payment.

CASH FLOWS

OPERATING ACTIVITIES. Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the second and third fiscal quarters when customers

pay for natural gas, propane and electricity consumed during the heating season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Company's investment in working capital, principally inventories and accounts receivable, is generally greatest. The Company's major business units use revolving credit facilities, or in the case of Energy Services its Receivables Facility, to satisfy their seasonal operating cash flow needs. Cash flow from operating activities was \$104.2 million in the 2004 six-month period compared to \$150.9 million in the 2003 six-month period. The decrease in operating cash flow principally reflects the lower net overcollections of deferred fuel costs during the 2004 six-month period and to a lesser extent the settlement of forward currency contracts. Cash flow from operating activities before changes in operating working capital was \$254.7 million in the 2004 six-month period compared with \$227.3 million in the prior-year six-month period reflecting greater noncash deferred taxes and minority interests in AmeriGas Partners in the 2004 six-month period. Changes in operating working capital used \$150.5 million in the 2004 six-month period and \$76.4 million in the 2003 six-month period.

INVESTING ACTIVITIES. Investing activity cash flow is principally affected by capital expenditures and investments in property, plant and equipment, cash paid for acquisitions of businesses, investments in and distributions from our equity investees, changes in short-term investments and proceeds from sales of assets. Cash flow used in investing activities was \$281.9 million in the 2004 six-month period compared to \$105.8 million in the prior-year period principally reflecting \$275.7 million spent on the purchase of the remaining ownership interests in AGZ Holding and Horizon Propane, net of cash acquired. The cash provided by the decrease in short-term investments was primarily used to fund a portion of the purchase price of the remaining 80.5% interests in AGZ Holding.

FINANCING ACTIVITIES. Cash flow provided by financing activities was \$178.8 million in the 2004 six-month period compared with \$89.9 million of cash used in the prior-year six-month period. Financing activity cash flow changes are primarily due to issuances and repayments of long-term debt, net borrowings under revolving credit facilities, dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units, and proceeds from public offerings of AmeriGas Partners Common Units and issuances of UGI common stock. In March 2004, UGI Corporation sold 7.5 million shares of common stock in an underwritten public offering at a public offering price of \$32.10 per share. The proceeds of the public offering totaling \$230.2 million were used to fund a portion of the purchase price of the remaining ownership interests in AGZ Holding. During April 2004, the underwriters exercised a portion of their over-allotment option for the purchase of an additional 0.3 million shares.

We paid cash dividends on UGI Common Stock of \$24.4 million and \$23.4 million during the six months ended March 31, 2004 and 2003, respectively. Also, the Partnership paid the minimum quarterly distribution of \$0.55 (the "MQD") on all limited partner units during both of the six-month periods ended March 31, 2004 and 2003.

UGI CORPORATION AND SUBSIDIARIES

PURCHASE OF REMAINING OUTSTANDING OWNERSHIP INTERESTS IN AGZ HOLDING

On March 31, 2004 (the "Closing Date"), UGI, through its subsidiary, UGI Bordeaux Holdings (as assignee of UGI France, Inc. ("UGI France")), completed its acquisition of the remaining outstanding 80.5% ownership interests of AGZ Holding, a French corporation and the parent company of Antargaz, a French corporation and a leading distributor of liquefied petroleum gases in France, pursuant to the terms of (i) a Share Purchase Agreement dated as of February 17, 2004, by and among UGI France, UGI, PAI partners, a French corporation ("PAI"), and certain officers, directors and managers of AGZ Holding and Antargaz and their affiliates, and (ii) that certain Medit Joinder Agreement dated February 20, 2004, by and among UGI France, UGI, Medit Mediterranea GPL, S.r.L., a company incorporated under the laws of Italy ("Medit"), and PAI.

The purchase price on the Closing Date of 261.8 million euros or \$319.2 million (excluding transaction fees and expenses) is subject to post-closing working capital and net debt adjustments. UGI used \$230.2 million of cash proceeds from its public offering of 7.5 million shares of its common stock in March 2004, and \$89.0 million of available cash to pay the purchase price. The purchase price was negotiated at arms length by UGI with the other owners of AGZ Holding's issued and outstanding capital stock.

Because the acquisition was completed on March 31, 2004, at the end of the quarter, the results of operations of Antargaz are not included in our consolidated results, except to the extent of our 19.5% equity interest in its net income. However, the preliminary purchase price allocation has been reflected on our Condensed Consolidated Balance Sheet.

UGI COMMON DIVIDEND INCREASE

On April 27, 2004, UGI's Board of Directors declared a quarterly dividend on UGI Common Stock of \$0.3125 per share payable on July 1, 2004 to shareholders of record on May 28, 2004. UGI had previously announced its intention to increase the annual dividend rate to \$1.25 per share, or \$0.3125 per share on a quarterly basis, from \$1.14 per share, or \$0.2850 per share on a quarterly basis, effective with the regularly scheduled July dividend payment, assuming the closing of the previously mentioned AGZ Holding acquisition.

UGI UTILITIES PREFERRED SHARES SUBJECT TO MANDATORY REDEMPTION

Beginning July 1, 2003, the Company accounts for UGI Utilities preferred shares subject to mandatory redemption in accordance with SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes guidelines on how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150 results in the Company presenting UGI Utilities preferred shares subject to mandatory redemption in the liabilities section of the balance sheet and reflecting dividends paid on these shares as a component of interest expense for periods presented after June 30, 2003. Because SFAS 150 specifically prohibits the restatement of financial statements prior to its adoption, prior period amounts have not been reclassified.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2003, the Financial Accounting Standards Board ("FASB") revised Financial Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which was originally issued in January 2003 and clarifies Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 was effective immediately for variable interest entities created or obtained after January 31, 2003. For variable interests created or acquired before February 1, 2003, FIN 46 is effective for our interim period ended March 31, 2004. If certain conditions are met, FIN 46 requires the primary beneficiary to consolidate certain variable interest entities. The Company has not created or obtained any variable interest entities after January 31, 2003. The adoption of FIN 46, as revised, did not have a material effect on the Company's financial position or results of operations.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was signed into law. Among other things, the Act provides for a prescription drug benefit to Medicare beneficiaries on a voluntary basis beginning in 2006. To encourage employers to continue to offer retiree prescription drug benefits, the Act provides for a tax-free subsidy to employers who offer a prescription drug benefit that is at least actuarially equivalent to the standard benefit offered under the Act.

The Company provides postretirement health care benefits principally to certain of UGI Utilities' retirees and a limited number of active employees meeting certain age and service requirements. These postretirement benefits include certain retiree prescription drug benefits. Pursuant to orders previously issued by the Pennsylvania Public Utility Commission ("PUC"), UGI Utilities has established a Voluntary Employees' Beneficiary Association ("VEBA") trust to fund the UGI Utilities' postretirement benefit obligations and to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefit costs determined under SFAS No. 106, "Employers Accounting for Postretirement Benefits Other than Pensions." The difference between the annual amount calculated and the amount in UGI Utilities' rates is deferred for future recovery from, or refund to, ratepayers.

We have elected to defer recognizing the effects of the Act in accounting for these benefits and in providing disclosures until authoritative guidance on the accounting for the federal subsidy is issued in accordance with FASB Staff Position No. FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-1"). Therefore, the condensed consolidated financial statements and accompanying footnotes do not reflect the effects of the Act. Authoritative guidance, when issued, could require us to change the amount of postretirement benefit costs we are currently recording. However, under the current ratemaking described above, any increases or decreases in postretirement benefit costs resulting from the Act will not affect our reported results. In addition, because of the limited number of participants in the program and the current level of postretirement benefits, we do not believe the Act will have a material effect on the Company's cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposures are (1) market prices for propane, natural gas and electricity; (2) changes in interest rates; and (3) foreign currency exchange rates.

The risk associated with fluctuations in the prices the Partnership and our International Propane operations pay for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs, and the Partnership generally attempts to pass on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost

increases fully, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, it uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. International Propane's profitability is also sensitive to changes in propane supply costs. FLAGA uses derivative commodity instruments to reduce market risk associated with a portion of its propane purchases. Over-the-counter derivative commodity instruments utilized by the Partnership and FLAGA to hedge forecasted purchases of propane are generally settled at expiration of the contract. In order to minimize credit risk associated with its derivative commodity contracts, the Partnership monitors established credit limits with the contract counterparties. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Gas Utility's tariffs contain clauses that permit recovery of substantially all of the prudently incurred costs of natural gas it sells to its customers. The recovery clauses provide for a periodic adjustment for the difference between the total amounts actually collected from customers through PGC rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations. Gas Utility uses exchange-traded natural gas call option contracts to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these call option contracts, net of associated gains, if any, is included in Gas Utility's PGC recovery mechanism.

Electric Utility purchases its electric power needs from third-party electricity suppliers under fixed-price energy and capacity contracts and, to a much lesser extent, on the spot market. Prices for electricity can be volatile especially during periods of high demand or tight supply. In accordance with a Provider of Last Resort ("POLR") settlement approved by the PUC, Electric Utility may increase its POLR rates up to certain limits through December 31, 2004, and charge market rates thereafter. Electric Utility's fixed-price contracts with electricity suppliers mitigate most risks associated with the POLR service rate limits in effect through December 31, 2004. However, should any of the suppliers under these contracts fail to provide electric power under the terms of the power and capacity contracts, increases, if any, in the cost of replacement power or capacity would negatively impact Electric Utility results. In order to reduce this non-performance risk, Electric Utility has diversified its purchases across several suppliers and entered into bilateral collateral arrangements with certain of them. At March 31, 2004, Electric Utility was a party to an electricity price swap agreement to reduce the volatility in the cost of a portion of its anticipated electricity requirements in 2007.

In order to manage market price risk relating to substantially all of Energy Services' forecasted fixed-price sales of natural gas, Energy Services purchases exchange-traded natural gas futures contracts or enters into fixed-price supply arrangements. Exchange-traded natural gas futures contracts are guaranteed by the New York Mercantile Exchange ("NYMEX") and have nominal credit risk. An adverse change in market value of these contracts may require daily cash deposits in margin accounts with brokers. Although Energy Services' fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the natural gas suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas would adversely impact Energy Services' results. In order to reduce this risk of supplier nonperformance, Energy Services has diversified its purchases across a number of suppliers.

UGID has entered into fixed-price sales agreements for a portion of the electricity expected to be generated by its interests in electricity generating assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, UGID

UGI CORPORATION AND SUBSIDIARIES

would be required to purchase such electricity on the spot market or under contract with other electricity suppliers. Accordingly, increases in the cost of replacement power could negatively impact the Company's results.

We have both fixed-rate and variable-rate debt. Changes in interest rates impact the cash flows of variable-rate debt but generally do not impact its fair value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact their cash flows.

Our variable-rate debt includes borrowings under AmeriGas OLP's Credit Agreement, borrowings under UGI Utilities' revolving credit agreements and the uncommitted arrangement with a major bank, and a substantial portion of AGZ Holding's and FLAGA's debt. These debt agreements have interest rates that are generally indexed to short-term market interest rates. AGZ Holding has effectively fixed the interest rates on a portion of their variable-rate debt through the use of interest rate swaps. At March 31, 2004, combined borrowings outstanding under these agreements, excluding the effectively fixed portion of AGZ Holding's variable-rate debt, totaled \$173.4 million. Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt. In order to reduce interest rate risk associated with near-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements.

The following table summarizes the fair values of unsettled market risk sensitive derivative instruments held at March 31, 2004. Fair values reflect the estimated amounts that we would receive or pay to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts at March 31, 2004. The table also includes the changes in fair value that would result if there were a ten percent adverse change in (1) the market price of propane; (2) the market price of natural gas; (3) the market price of electricity; and (4) interest rates on ten-year U.S. treasury notes.

	Fair Value -----	Change in Fair Value -----
(Millions of dollars)		
March 31, 2004:		
Propane commodity price risk	\$ 2.5	\$(3.6)
Natural gas commodity price risk	3.8	(2.6)
Electricity commodity price risk	1.6	(0.9)
Interest rate risk	(5.1)	(12.0)

Gas Utility's exchange-traded natural gas call option contracts are excluded from the table above because any associated net gains or losses are included in Gas Utility's PGC recovery mechanism. Because the Company's derivative instruments generally qualify as hedges under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133"), we expect that changes in the fair value of derivative instruments used to manage commodity or interest rate market risk would be substantially offset by gains or losses on the associated anticipated transactions.

The primary currency for which the Company has exchange rate risk is the U.S. dollar versus the euro. The U.S. dollar value of our foreign-denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. With respect to FLAGA, the net effect of changes in foreign currency exchange rates on their U.S. dollar denominated assets and liabilities would not be material because FLAGA's U.S. dollar denominated financial instrument assets and liabilities are not materially different in amount. With respect to our net investments in FLAGA and Antargaz, a 10% decline in the value of the euro versus the U.S. dollar would reduce their aggregate net book value by

UGI CORPORATION AND SUBSIDIARIES

approximately \$40.4 million, which amount would be reflected in other comprehensive income. In March 2004, the Company entered into a foreign currency swap agreement to hedge a portion of its net investment in foreign operations. This foreign currency swap agreement has been designated as a net investment hedge in a foreign subsidiary and qualifies for hedge accounting. Therefore, any changes in fair value are recorded in other comprehensive income. Upon settlement of the foreign currency swap agreement in September 2004, any realized gain or loss will remain in other comprehensive income until such foreign operations have been liquidated. As of March 31, 2004, the fair value of our foreign currency swap was a loss of \$0.4 million and an adverse change in the value of the euro versus the dollar by 10% would result in a \$4.9 million decrease in fair value. From time to time, the Company may use derivative instruments to hedge additional portions of its net investments in foreign subsidiaries.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company believes that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

As described in Note 3 to the Consolidated Financial Statements included in this report, on March 31, 2004, the Company acquired the remaining outstanding 80.5% ownership in AGZ Holding that it did not already own. The internal control over financial reporting of AGZ Holding and its subsidiaries is being aligned with that of the Company as part of the post-acquisition financial integration process.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Consolidated Edison Company of New York v. UGI Utilities, Inc. On September 20, 2001, Consolidated Edison Company of New York ("ConEd") filed suit against Utilities in the United States District Court for the Southern District of New York, seeking contribution from Utilities for an allocated share of response costs associated with investigating and assessing gas plant related contamination at former MGP sites in Westchester County, New York. The complaint alleges that Utilities "owned and operated" the MGPs prior to 1904. The complaint also seeks a declaration that Utilities is responsible for an allocated percentage of future investigative and remedial costs at the sites. ConEd believes that the cost of remediation for all of the sites could exceed \$70 million.

In November 2003, the court granted Utilities' motion for summary judgment in part, dismissing all claims premised on a disregard of the separate corporate form of Utilities' former subsidiaries and dismissing claims premised on Utilities' operation of three of the MGPs under operating leases with ConEd's predecessors. In March 2004, the court granted summary judgment on the remaining claims and dismissed ConEd's complaint. ConEd has appealed.

Savannah, Georgia Matter. Atlanta Gas Light Company ("AGL") previously informed UGI Utilities that it was investigating contamination that appeared to be related to MGP operations at a site owned by AGL in Savannah, Georgia. A former subsidiary of UGI Utilities' operated the MGP in the early 1900's. AGL has recently informed UGI Utilities that it has begun remediation of MGP wastes at the site and believes that the total cost of remediation could be as high as \$55 million. AGL has stated an intention to make a claim against UGI Utilities for a share of these costs. UGI Utilities believes that it will have substantial defenses to any action that may arise out of this site.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On February 24, 2004 the Annual Meeting of Shareholders of UGI was held. The Shareholders (i) reelected the eight nominees from the existing Board of Directors to another term, (ii) approved the Company's 2004 Omnibus Equity Compensation Plan, (iii) ratified the appointment of PricewaterhouseCoopers LLP as independent certified accountants and (iv) approved the Shareholder Proposal recommending a change in the Company's bylaws to provide for a shareholder vote on shareholder rights plans.

The number of votes cast for and withheld from election of each director nominee is set forth below. There were no abstentions or broker non-votes in the election of directors.

Director Nominees	For	Withheld
- - - - -	- - - - -	- - - - -
James W. Stratton	36,285,444	981,752
Richard C. Gozon	36,373,127	894,069
Stephen D. Ban	36,408,185	859,011
Lon R. Greenberg	36,345,399	921,797
Marvin O. Schlanger	36,651,676	615,520
Thomas F. Donovan	36,620,678	646,518
Anne Pol	36,646,063	621,133
Ernest E. Jones	36,630,691	636,505

UGI CORPORATION AND SUBSIDIARIES

The number of votes cast for and against, and the number of abstentions for approval of the Company's 2004 Omnibus Equity Compensation Plan is as follows: For: 26,073,360; Against: 3,703,471; Abstain: 577,191. There were no broker non-votes.

The number of votes cast for and against, and the number of abstentions in the ratification of the appointment of PricewaterhouseCoopers LLP is as follows: For: 36,893,448; Against: 211,526; Abstain: 162,223. There were no broker non-votes.

The number of votes cast for and against, and the number of abstentions for approval of the Shareholder Proposal is as follows: For: 22,127,412; Against: 7,406,276; Abstain: 820,336. There were 6,913,173 broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits:

- 10.1 Senior Facilities Agreement dated June 26, 2003 as Amended and Restated July 2, 2003, between AGZ Holding and Antargaz, Credit Lyonnais, as Mandated Lead Arranger, Facility Agent and Security Agent, and the Financial Institutions named therein.
- 10.1(a) Form of Amendment Agreement dated January 15, 2004 to Senior Facilities Agreement, as Amended and Restated July 2, 2003.
- 10.2 Pledge of Financial Instruments Account relating to Financial Instruments held by AGZ Holding in Antargaz, dated July 7, 2003, between AGZ Holding, as Pledgor, and Credit Lyonnais, as Security Agent, and the Senior Lenders.
- 10.3 Pledge of Financial Instruments Accounts relating to Financial Instruments held by Antargaz in certain subsidiary companies, dated July 7, 2003, between Antargaz, as Pledgor, and Credit Lyonnais, as Security Agent, and the Revolving Lenders.
- 10.4 Intercreditor Agreement, dated July 7, 2003, between AGZ Holding, Antargaz, AGZ Finance, the Senior Lenders (as defined therein), the Investors (as defined therein), and Credit Lyonnais, as Facility Agent for the Senior Lenders and as Security Agent.
- 10.5 Seller's Guarantee dated February 16, 2001 among Elf Antar France, Elf Aquitaine and AGZ Holding.
- 31.1 Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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*32 Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) The Company filed information in a Current Report on Form 8-K during the second quarter of fiscal year 2004 and as follows:

DATE -----	ITEM NUMBER(S) -----	CONTENT -----
March 11, 2004	5, 7	Amended Items 1, 2 and 7 of the Company's Annual Report on Form 10-K, to disclose in the Company's audited consolidated financial statements for the fiscal year ended September 30, 2003, the realignment of the Company's segments.
March 18, 2004	5, 7	Announcement of the execution of an Underwriting Agreement between the Company and Credit Suisse First Boston (Europe) Limited, as Representative of the several certain underwriters, covering the issue and sale by the Company of its Common Stock.
March 31, 2004	2, 7	Report of completion of the Company's acquisition of the remaining outstanding ownership interests of AGZ Holding, the parent company of Antargaz, including related historical and pro forma financial statements.

* This Exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

UGI CORPORATION AND SUBSIDIARIES

SIGNATURES

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

UGI Corporation

(Registrant)

Date: May 17, 2004

By: /s/ Anthony J. Mendicino

Anthony J. Mendicino
Senior Vice President-Finance and
Chief Financial Officer

Date: May 17, 2004

By: /s/ Michael J. Cuzzolina

Michael J. Cuzzolina
Vice President-Accounting and
Financial Control and
Chief Risk Officer

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

- 10.1 Senior Facilities Agreement dated June 26, 2003 as Amended and Restated July 2, 2003, between AGZ Holding and Antargaz, Credit Lyonnais, as Mandated Lead Arranger, Facility Agent and Security Agent, and the Financial Institutions named therein.
- 10.1(a) Form of Amendment Agreement dated January 15, 2004 to Senior Facilities Agreement, as Amended and Restated July 2, 2003.
10. 2 Pledge of Financial Instruments Account relating to Financial Instruments held by AGZ Holding in Antargaz, dated July 7, 2003, between AGZ Holding, as Pledgor, and Credit Lyonnais, as Security Agent, and the Senior Lenders.
- 10.3 Pledge of Financial Instruments Accounts relating to Financial Instruments held by Antargaz in certain subsidiary companies, dated July 7, 2003, between Antargaz, as Pledgor, and Credit Lyonnais, as Security Agent, and the Revolving Lenders.
- 10.4 Intercreditor Agreement, dated July 7, 2003, between AGZ Holding, Antargaz, AGZ Finance, the Senior Lenders (as defined therein), the Investors (as defined therein), and Credit Lyonnais, as Facility Agent for the Senior Lenders and as Security Agent.
- 10.5 Seller's Guarantee dated February 16, 2001 among Elf Antar France, Elf Aquitaine and AGZ Holding.
- 31.1 Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- * 32 Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* This Exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

SCHEDULE 2

Dated 26 June 2003
(as amended and restated pursuant to an amendment and restatement agreement
dated 2 July 2003)

AGZ HOLDING
as Parent

THE COMPANIES NAMED HEREIN
as Borrowers and/or Guarantors

THE ENTITIES NAMED HEREIN
as Lenders

CREDIT LYONNAIS
as Mandated Lead Arranger

CREDIT LYONNAIS
as Facility Agent

CREDIT LYONNAIS
as Security Agent

SENIOR FACILITIES AGREEMENT

Shearman & Sterling LLP
Paris

[MAP]

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THIS FACILITIES AGREEMENT is made on 26 June 2003 and is amended and restated in accordance with an amendment and restatement agreement dated 2 July 2003

BETWEEN:

- (1) AGZ HOLDING (a company incorporated in France as a societe anonyme with registered number 413 765 108 RCS Paris) (the "PARENT");
- (2) ANTARGAZ (a company incorporated in France as a societe anonyme with registered number 572 126 043 RCS Nanterre) ("ANTARGAZ");
- (3) CREDIT LYONNAIS as mandated lead arranger (the "ARRANGER");
- (4) THE FINANCIAL INSTITUTIONS listed in schedule 1 as Lenders;
- (5) CREDIT LYONNAIS in its capacity as facility agent for the Lenders under the Senior Finance Documents (the "FACILITY AGENT"); and
- (6) CREDIT LYONNAIS in its capacity as agent for the Finance Parties under the Security Documents (the "SECURITY AGENT").

WHEREAS:

The Parent has requested the Lenders to make available to it a EUR 220,000,000 Term Facility and the Parent and Antargaz have requested the Lenders to make available to them and to other Borrowers (as defined below) a EUR 50,000,000 Revolving Facility, all for the purpose of refinancing and replacing borrowings under the Existing Facilities Agreement (as defined below).

THE PARTIES TO THIS AGREEMENT AGREE as follows:

1. INTERPRETATION

1.1 DEFINITIONS

In this agreement:

"ACCESSION DOCUMENT" means an agreement substantially in the form set out in schedule 6 under which a Group Company becomes a Borrower and/or a Guarantor and becomes a party to the Intercreditor Agreement;

"ACCOUNTING HALF-YEAR" means each period of approximately 26 weeks ending on the last day of September and March in a Financial Year;

"ACQUISITION" means the acquisition of all the shares of Antargaz completed on 27 March 2001 in accordance with the Acquisition Documents;

"ACQUISITION COSTS" means all fees, costs and expenses incurred by the Parent for the purpose of or in connection with the Acquisition;

"ACQUISITION DOCUMENTS" means the Sale and Purchase Agreement, the Warranty Agreement and all other documents and agreements made between any Vendor and any Group Company in connection with the Sale and Purchase Agreement;

"ADVANCES" means the Term Advance and the Revolving Advances;

"AFFILIATE" means a Subsidiary or a Holding Company of another person or any other Subsidiary of a Holding Company of that other person;

"AGENTS" means the Facility Agent and the Security Agent;

"ANNUAL ACCOUNTS" means the audited annual accounts of the Group delivered or to be delivered to the Facility Agent under clause 19.10(c)(i) (Financial statements);

"APPROVED ACCOUNTING PRINCIPLES" means French gaap and, subject to those principles, the accounting principles, standards and practices on the basis of which the Original Audited Accounts were prepared (adjusted to take account of those differences referred to in the Disclosure Letter);

"APPROVED PROJECTIONS" means the financial projections and forecast for the business of the Group in the agreed form prepared on a basis consistent with the Approved Accounting Principles;

"AUDITORS" means PricewaterhouseCoopers and Ernst & Young and/or any other firm of accountants which the Parent appoints in accordance with clause 19.10(b) (Books of account and auditors);

"AVAILABILITY PERIOD" means the period starting on the Signing Date and ending:

- (a) on 7 July 2003 (inclusive) in the case of the Term Facility; and
- (b) one month before the Revolving Facility Repayment Date in the case of the Revolving Facility;

"BANK GUARANTEE" means a guarantee or letter of credit issued by an Issuing Lender under the Revolving Facility in the form agreed by the Parent, the Facility Agent and the relevant Issuing Lender;

"BENEFICIARY" means the person approved by the relevant Issuing Lender in whose favour a Bank Guarantee has been or is to be issued;

"BORROWERS" means the Parent, Antargaz and each other Group Company which becomes a borrower under this agreement in accordance with clause 17.1 (Additional Borrowers);

"BUSINESS DAY" means a day (other than a Saturday or a Sunday) on which banks and financial markets are open in Paris and London for the transaction of business of the nature required by this agreement and:

- (a) in relation to a transaction involving Euros, a day which is a Target Day; and
- (b) in relation to a transaction involving the Optional Currency, a day on which banks and financial institutions are open in the principal financial centre of the country of the Optional Currency;

"CASH COLLATERAL ACCOUNT" means an account with the Security Agent opened in the name of an Obligor into which amounts are to be paid for the purposes of clause 1.4 (Cash cover) and over which the Security Agent has or shall have a first priority security interest under the Security Documents;

"CASH EQUIVALENTS" has the meaning given to it in clause 19.12 (Financial definitions);

"CERTAIN FUNDS PERIOD" means the period commencing on the Signing Date and ending on the earlier of (a) the first Drawdown Date (inclusive) and (b) the last day of the Availability Period of the Term Facility (inclusive);

"COMMITMENT" means, in relation to a Lender, its Term Commitment or its Revolving Commitment;

"CONSTITUTIONAL DOCUMENTS" means the statuts and k-bis of the Parent in the agreed form;

"CONTINGENT LIABILITY" means:

- (a) the maximum actual and/or contingent liability of an Issuing Lender under a Bank Guarantee at any time; or
- (b) the maximum actual and/or contingent liability of a Lender in relation to a Bank Guarantee at any time under clause 6.4(b) (Indemnities);

"CONTROLLING INVESTOR" means any entity which:

- (a) holds more than 50 per cent. of the equity share capital of the Parent or equity share capital having the right to cast more than 50 per cent. of the votes capable of being cast in general meetings of the Parent; or
- (b) has the right to determine the composition of a majority of the board of directors (or like body) of the Parent; or
- (c) has "control" (as defined in article L. 233-3 of the French Commercial Code) of the Parent;

"CORE BUSINESS" means the existing core business of the Group as at the Signing Date, consisting of the purchase, storage and distribution of butane and propane-based LPG (liquified petroleum gaz);

"CREDITOR ACCESSION AGREEMENT" has the meaning given to it in the Intercreditor Agreement;

"DEFAULT" means an Event of Default or a Potential Event of Default;

"DERIVATIVE INSTRUMENT" means any forward rate agreement, option, swap, cap, floor, any combination or hybrid of the foregoing and any other financial derivative agreement;

"DISCLOSURE LETTER" means the letter dated the Signing Date and delivered by the Parent addressed to (and countersigned by) the Facility Agent stating that it is the Disclosure Letter referred to in this agreement and, amongst other things, making certain disclosures against, and qualifying the extent of, certain representations and warranties in Clause 18 (Representations and Warranties);

"DISTRIBUTION COMPANIES" means the companies and other corporate entities listed in part 1 of schedule 9;

"DRAWDOWN DATE" means the date for the making of a Drawing, as specified by the relevant Borrower in the relevant Drawdown Request;

"DRAWDOWN REQUEST" means a notice requesting an Advance or the issue of a Bank Guarantee in the form set out in part 1 or 2 (as appropriate) of schedule 4;

"DRAWING" means a utilisation by a Borrower of a Facility;

"EBITDA" has the meaning given to it in clause 19.12 (Financial definitions);

"ENVIRONMENT" means any and all living organisms (including man), ecosystems, gases, air, vapours, liquids, water, land, surface and sub-surface soils, rock and all other natural resources or part of such resources, including artificial or man-made buildings, structures or enclosures;

"ENVIRONMENTAL APPROVAL" means any consent required under or in relation to Environmental Laws;

"ENVIRONMENTAL LAWS" means all international, European Union, national, federal, state or local statutes, orders, regulations or other law or subordinate legislation or common law or guidance notes or regulatory codes of practice, circulars and equivalent controls (including judicial interpretation of any of the foregoing) concerning the Environment or health and safety which are in existence now or in the future and are binding at any time on any Group Company in the relevant jurisdiction in which that Group Company has been or is operating (including by the export of its products or its waste to that jurisdiction);

"EONIA" means in relation to a Business Day and any amount in Euro:

- (a) the overnight rate per annum calculated by the European Banking Federation for the relevant Business Day which appears on Telerate Screen page 247 or any other service which displays such rate which the Facility Agent, after consultation with the Lenders and the Parent, selects; or
- (b) if the rate referred to in paragraph (a) above is not available for that Business Day, the arithmetic mean of the rates (rounded upwards to four decimals places) as supplied to the Facility Agent at its request quoted by the Reference Banks to the leading banks in the European interbank market;

at or about 7.00 pm (Brussels time) on such day for offering of deposits in Euro for the period from one Business Day to the immediately following Business Day;

"EQUITY DOCUMENTS" means the Constitutional Documents, the Shareholders Agreement and all other documents and agreements entered into in connection with any of those documents;

"EQUITY INVESTORS" means the Original Equity Investors and any assignee or transferee of any interest in the Group under the Shareholders Agreement or of any other rights under any Equity Document;

"EURIBOR" means, in relation to any Advance or overdue amount in Euro, the rate per annum equal to the offered quotation which appears on Telerate Screen page 248 (or any replacement page on that service) as of 11.00 am on the applicable Rate Fixing Day for a period comparable to its Interest Period or, if no Telerate service is available, on any other service which displays an average European Banking Federation Interest Settlement Rate for Euro which the Facility Agent, after consultation with the Lenders and the Parent, selects;

"EURO", "EUR" and "E" means the single currency of the Participating Member States of the European Union;

"EURO EQUIVALENT" means, in relation to an amount denominated in a currency other than Euro, the amount of that currency converted into the relevant amount of Euros at the Euro Spot Rate;

"EURO SPOT RATE" means the spot rate of exchange of the Facility Agent (as determined by the Facility Agent) for the purchase of the aggregate amount of Euros with a currency other than Euro in the European foreign exchange market in the ordinary course of business at or about 10:00 am on a particular day;

"EVENT OF DEFAULT" means any event specified in clause 20.1 (List of events);

"EXISTING FACILITIES" means the Existing Term Facilities and the Existing Revolving Facility;

"EXISTING REVOLVING FACILITY" means the revolving credit facility in the principal amount of EUR 46,000,000 granted to the Borrowers under the Existing Facilities Agreement;

"EXISTING TERM FACILITIES" means the term facilities in the outstanding principal amount of EUR 261,427,755.10 as of the date hereof granted to the Parent under the Existing Facilities Agreement;

"EXISTING FACILITIES AGREEMENT" means the senior credit agreement dated 15 February 2001, as amended and restated on 27 March 2001 and 23 July 2002, between, inter alia, the Parent, Antargaz, the lenders named therein and Deutsche Bank AG London as facility agent and security agent in relation to the Existing Facilities;

"FACILITIES" means the Term Facility and the Revolving Facility;

"FEES LETTER" means the letter from the Facility Agent to the Parent dated on or about the Signing Date setting out details of certain fees payable by the Parent in connection with the Facilities;

"FINANCE PARTIES" means the Arranger, each Agent, each Lender, each Issuing Lender and each Hedging Lender;

"FINANCIAL INDEBTEDNESS" means (without double counting) any indebtedness in relation to or arising under or in connection with:

- (a) any money borrowed (including any overdraft);
- (b) any debenture, bond (other than a performance bond issued in the ordinary course of trading by one Group Company in relation to the obligations of another Group Company), note or loan stock or other similar instrument;
- (c) any acceptance or documentary credit;
- (d) any receivable sold or discounted (other than to the Security Agent pursuant to any Security Document) provided that, for the purposes of any calculation of the amount of Financial Indebtedness, the amount of indebtedness to be taken into account under this paragraph (d) will be the amount of the consideration received by the relevant Group Company for the sale or discounting of the relevant receivable;
- (e) the purchase price of any asset or service to the extent payable by a Group Company after the time of sale or delivery to a Group Company, where the deferred payment is:
 - (i) arranged as a method of raising vendor financing; and
 - (ii) paid more than six months after the sale or delivery date;

- (f) the sale price of any asset or service to the extent paid before the time of sale or delivery by the Group Company liable to effect that sale or delivery, where the advance payment is arranged as a method of raising finance;
- (g) any finance lease, hire purchase, credit sale or conditional sale agreement which in each case would be treated as such in accordance with French gaap;
- (h) Derivative Instruments (provided that, for the purpose of any calculation of the amount of Financial Indebtedness to be taken into account under this paragraph (h) in respect of the relevant Derivative Instrument, that amount shall be the net amount of the payment obligations outstanding from the relevant Group Company under that Derivative Instrument, less the amount of any margin then placed by that Group Company with the relevant counterparty in connection with that Derivative Instrument);
- (i) any amount payable by any Obligor in relation to the reduction of any share capital or redemption of any securities issued by it or any other Group Company, other than amounts payable to another Obligor;
- (j) any amount raised under any other transaction having the commercial effect of a borrowing (other than refundable deposits payable and consigned containers accrual liability); or
- (k) any guarantee issued by a Group Company of indebtedness of any person of a type referred to in paragraphs (a) to (j) (inclusive) above;

for the avoidance of doubt, the amount of indebtedness to be taken into account for the purpose of any calculation of the amount of Financial Indebtedness shall not double-count guarantees granted by any Group Company in respect of Financial Indebtedness incurred by any Group Company and will not include guarantees of obligations incurred by any Group Company which obligations do not constitute indebtedness of a type referred to in paragraphs (a) to (j) (inclusive) above;

"FINANCIAL YEAR" means the period of 12 months ending on 31 March in each year;

"FINCO" means AGZ Finance, a company incorporated under the laws of the Grand Duchy Luxembourg as a societe anonyme with registered number RC Luxembourg B 87.750;

"FRENCH GAAP" means accounting principles, standards and practices generally accepted from time to time in France;

"GEOGAZ" has the meaning given to it in part 2 of schedule 10;

"GEOVEXIN" has the meaning given to it in part 2 of schedule 10;

"GROUP" means the Parent and its Subsidiaries from time to time;

"GROUP COMPANY" means a member of the Group;

"GROUPEMENT DONGES" means the groupement d'interets economiques Groupement Donges which has been established by Elf Antar France and the Parent pursuant to the Principal Supply Agreement referred to in part 1 of schedule 10;

"GUARANTORS" means the Parent, Antargaz and each other Group Company which becomes a guarantor under this agreement;

"HALF-YEAR ACCOUNTS" means the semi-annual consolidated management accounts of the Group delivered or to be delivered to the Facility Agent under clause 19.10(c)(ii)(Financial statements);

"HEDGING AGREEMENTS" means Derivative Instruments entered into with the Hedging Lenders for the purpose of managing or hedging currency and/or interest rate risk in relation to the Term Facility;

"HEDGING LENDER" means a Lender (or an Affiliate of a Lender) or an entity that is a party to an existing derivative instrument entered into by the Parent in relation to the Existing Term Facilities, in its capacity as provider of currency and/or interest rate hedging under any Hedging Agreement;

"HIGH YIELD DOCUMENTS" means the High Yield Trust Deed, the High Yield Notes and all other documents evidencing the terms of the High Yield Notes and any other document or agreement entered into or executed pursuant thereto or in connection therewith;

"HIGH YIELD GUARANTEE" means the subordinated guarantee set out in the High Yield Trust Deed and provided by the Parent in favour of the High Yield Trustee and the holders of the High Yield Notes pursuant to which the Parent guarantees the obligations of Finco under the High Yield Documents;

"HIGH YIELD NOTES" means the high yield notes issued on 23 July 2002 by Finco in an aggregate principal amount of EUR 165,000,000, bearing interest at the rate of 10 per cent. per annum payable semi-annually on 15 January and 15 July in each year, and maturing on 15 July 2011, the proceeds of which have been made available to the Parent through the subscription by Finco of the Intra-Group Bonds in accordance with the Intra-Group Bond Documents;

"HIGH YIELD TRUST DEED" means the trust deed and/or other instrument pursuant to which the High Yield Notes have been issued;

"HIGH YIELD TRUSTEE" means the trustee appointed on behalf of the holders of the High Yield Notes pursuant to the High Yield Trust Deed;

"HOLDING COMPANY" means, in relation to any body corporate, any other body corporate of which it is a Subsidiary;

"INTELLECTUAL PROPERTY" means the Intellectual Property Rights owned or used by Group Companies throughout the world or the interests of any Group Company in any of those Intellectual Property Rights, together with the benefit of all agreements entered into or the benefit of which is enjoyed by any Group Company relating to the use or exploitation of any of those Intellectual Property Rights;

"INTELLECTUAL PROPERTY RIGHTS" means all patents and patent applications, trade and service marks and trade and/or service mark applications (and all goodwill associated with any such applications), all brand and trade names, all copyrights and rights in the nature of copyright, all design rights, all registered designs and applications for registered designs, all trade secrets, know-how and all other intellectual property rights;

"INTERCREDITOR AGREEMENT" means the intercreditor agreement dated on or before the date of the first Drawing entered into between, amongst others, each of the parties to the Senior Finance Documents, Finco and each of the Original Equity Investors;

"INTEREST PERIOD" means a period by reference to which interest is calculated and payable on an Advance or overdue amount;

"INTRA-GROUP BOND DOCUMENTS" means the Intra-Group Bonds, the terms and conditions of the Intra-Group Bonds set out in the Parent's Board resolution having decided on their issue and all related and ancillary documents;

"INTRA-GROUP BONDS" means the subordinated bonds issued by the Parent to Finco in an aggregate principal amount equal to the aggregate principal amount of the High Yield Notes and under which payments of interest in cash by the Parent to Finco are subject to the provisions of the Intercreditor Agreement, will be no more frequent than semi-annual and will be at a scheduled rate no higher than 0.130 per cent. per annum above the interest rate payable in respect of the High Yield Notes;

"INVESTMENT AMOUNT" means the aggregate (without double-counting) of the following amounts:

- (a) any amount advanced, lent, contributed or subscribed for, or otherwise invested in, a Joint Venture by any Group Company during any Financial Year;
- (b) the market value of any asset transferred (other than by way of a transfer otherwise permitted under this agreement) or contributed to a Joint Venture by any Group Company during any Financial Year; and
- (c) the maximum liability under any guarantee given by any Group Company during any Financial Year in respect of any Financial Indebtedness incurred (whether by way of guarantee or otherwise) by a Joint Venture;

"ISSUING LENDER" means any Lender in its capacity as issuer of a Bank Guarantee;

"JOINT VENTURE" means any joint venture, partnership or similar arrangement (including any Groupement d'interets economiques) or any company of which the Parent directly or indirectly owns some (but not all or substantially all) of the equity share capital (but excluding for the avoidance of doubt any Distribution Company);

"LENDERS" means the Term Lenders and the Revolving Lenders;

"LENDING OFFICE" means the office through which a Lender is acting for the purposes of this agreement, which, subject to clause 3.2 (Lending Office), will be the office set opposite the name of that Lender in schedule 1 (or in any relevant Transfer Certificate);

"LIBOR" means, in relation to any Advance or overdue amount in the Optional Currency, the rate per annum equal to the offered quotation which appears on Telerate Screen page 3740 (or any replacement page on that service) as of 11.00 am (London time) on the applicable Rate Fixing Day for the Optional Currency for a period comparable to its Interest Period or, if no Telerate service is available, on any other service which displays British Bankers Association Interest Settlement Rate for the Optional Currency which the Facility Agent, after consultation with the Lenders and the Parent, selects;

"MAJORITY LENDERS" means, at any time:

- (a) Lenders whose aggregate Commitments at that time aggregate more than 66.66 per cent. of the Total Commitments at that time; or
- (b) if the Total Commitments have at that time been reduced to zero, Lenders whose Commitments aggregated more than 66.66 per cent. of the Total Commitments immediately before the relevant reduction;

"MANDATORY COST" means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 11 (Mandatory Cost Formulae);

"MARGIN" means:

- (a) in relation to the Term Facility, 1.45 per cent. per annum, subject to clause 7.6 (Margin adjustment);
- (b) in relation to the Revolving Facility, 1.45 per cent. per annum, subject to clause 7.6 (Margin adjustment);

"MATERIAL ADVERSE EFFECT" means any effect, event or matter:

- (a) which is materially adverse to:
 - (i) the business, assets or financial condition of the Group (taken as a whole); and
 - (ii) the ability of any Obligor to perform any of its payment obligations under any Senior Finance Document or any of its obligations under clause 19.11 (Financial Covenants); or
- (b) which results in any Security Document not providing to the Security Agent security over the assets expressed to be secured under that Security Document;

"MATERIAL COMPANY" means:

- (a) each Obligor (other than the Parent), Finco, each Distribution Company and each Storage and Logistics Company; and
- (b) any other Group Company (other than the Parent) whose profits, sales or gross assets exceed five per cent. of the consolidated profits, sales or gross assets (as the case of may be) of the Group and, for this purpose, the calculation of profits, sales or gross assets shall:
 - (i) be made in accordance with the Approved Accounting Principles;
 - (ii) in the case of a company which itself has Subsidiaries, be made by using the consolidated profits, consolidated sales or consolidated gross assets (as the case may be) of it and its Subsidiaries; and
 - (iii) be made by reference to:
 - (A) the latest accounts of the relevant Subsidiary used for the purposes of the then latest Annual Accounts; and
 - (B) the then latest Annual Accounts;

"MATERIAL CONTRACTS" means the Supply Agreements and the agreements set out in part 2 of schedule 10;

"MATURITY DATE" means the last day of an Interest Period for a Revolving Advance;

"MEDIT" means Medit Mediterranea GPL SpA or any of its Affiliates;

"NET PROCEEDS" means the aggregate consideration received by any Group Company in relation to the disposal of all or any part of the assets of any Group Company (including the amount of any inter-company debt of any Group Company disposed of which is repaid in connection with that disposal), but after deducting all Taxes and other reasonable costs and expenses incurred by continuing Group Companies in connection with that disposal;

"OBLIGORS" means each Borrower and each Guarantor;

"OPERATING BUDGET" means a budget, in such form and content as the Facility Agent shall reasonably require, comprising projected balance sheet, projected profit and loss account and projected cashflow statement (including details of projected capital expenditure) for the Group and forecast of the likely financial performance of the Group for a Financial Year, delivered under clause 19.10 (Information and accounting undertakings);

"OPTIONAL CURRENCY" means USD;

"ORIGINAL AUDITED ACCOUNTS" means the audited consolidated accounts of the Group for the Financial Year ending 31 March 2002;

"ORIGINAL EQUITY INVESTORS" means P.A.I., UGI and Medit;

"ORIGINAL MANAGEMENT ACCOUNTS" means the consolidated management accounts of the Group for the Financial Year ending 31 March 2003;

"P.A.I." means FCPR PAI Europe III, a series of fonds communs de placement a risques established and managed or advised by P.A.I. Partners (formerly P.A.I. Management), or any fund or entity which is established and managed or advised by P.A.I. Partners;

"PARTICIPATING MEMBER STATES" has the meaning given to it in council Regulation EC No. 1103/97 of 17 June, 1997 made under Article 235 of the Treaty on European Union;

"PARTLY OWNED STORAGE AND LOGISTICS COMPANY" means a Storage and Logistics Company which is not a wholly-owned Subsidiary (whether directly or indirectly) of the Parent;

"PERMITTED ACQUISITION" means any acquisition (the "PROPOSED ACQUISITION") by a Group Company of all the shares in a company or substantially all of the assets of a business, provided that:

- (a) the company or the business which is the subject of the Proposed Acquisition carries on a similar or complementary business to that carried on by the Group;
- (b) the chief financial officer (or any board member) of the Parent certifies to the Lenders (such certificate to contain calculations in reasonable detail) that the ratio of Total Net Debt to EBITDA of the Group tested by reference to the Testing Period ending on the Testing Date immediately preceding the date on which the Proposed Acquisition is completed but calculated including the Proposed Acquisition and quantifiable synergies from the Proposed Acquisition (such as purchasing synergies) will be no greater than the maximum level for such ratio as at that Testing Date as provided under clause 19.11(c) (Financial Covenants);

"POTENTIAL EVENT OF DEFAULT" means an event specified in clause 20.1 (Events of Default) which, with the giving of notice, the lapse of time or the making of any determination would constitute an Event of Default;

"PRIVATE EQUITY CONTRIBUTION" means:

- (a) any increase in the share capital of the Parent by way of cash contribution by the Equity Investors; or
- (b) the incurrence by the Parent of Financial Indebtedness provided to it by any Equity Investor pursuant to an unsecured loan or other debt or debt equity instrument in each case deeply subordinated (with capitalised interests) on terms acceptable to the Facility Agent;

"QUALIFYING LENDER" means, for the purposes of any Drawing by a Borrower, a bank or financial institution which:

- (a) is for the time being participating in that Drawing through a branch, agency or Affiliate in the jurisdiction of residence of that Borrower; or
- (b) is resident in a country with which the jurisdiction of residence of the Borrower has an appropriate double taxation treaty which, under its terms, provides at the date on which that bank or financial institution becomes a Lender for full relief from that jurisdiction's income tax on that jurisdiction's source interest for an entity such as that bank or other financial institution when acting through the branch, agency of Affiliate through which it is acting for the purposes of that Drawing;

"RATE FIXING DAY" means, in relation to any period for which EURIBOR or LIBOR is to be determined:

- (a) in the use of EURIBOR, two Target Days before the first day of that period, or
- (b) in the use of LIBOR, two Business Days before the first day of that period;

unless market practice differs in the relevant interbank market for a currency, in which case the Rate Fixing Day for that currency will be determined by the Facility Agent in accordance with market practice in the relevant interbank market;

"RECEIVABLES" means, in relation to a Borrower, at any time, the unpaid portions of the obligations of any trade debtor of that Borrower in respect of the supply of goods or services by that Borrower;

"REFINANCING" means the refinancing of the Existing Facilities;

"REFINANCING COSTS" means all fees, costs and expenses incurred by the Obligors for the purpose of or in connection with the Refinancing;

"REPAYMENT DATES" means each date on which an instalment is due for repayment under clause 10.1 (Term Advance), the Term Final Repayment Date and the Revolving Facility Repayment Date;

"REVOLVING ADVANCE" means the principal amount of each advance made or to be made under the Revolving Facility, as reduced from time to time by repayment or prepayment;

"REVOLVING COMMITMENT" means:

- (a) in relation to a Lender identified in schedule 1, the amount set opposite its name under the heading "Revolving Commitment" in schedule 1 and the amount of any other Revolving Commitment transferred to it under this agreement; or

(b) in relation to any other Lender, the amount of any Revolving Commitment transferred to it under this agreement,

to the extent not cancelled, reduced or transferred by it under this agreement;

"REVOLVING FACILITY" means the revolving credit facility made available by the Revolving Lenders under clause 2.1(b) (Facilities);

"REVOLVING FACILITY REPAYMENT DATE" means 30 June 2008;

"REVOLVING LENDERS" means:

- (a) the persons identified in schedule 1 as participating in the Revolving Facility; and
- (b) each Transferee which has become a party to this agreement in relation to the Revolving Facility in accordance with clause 26 (Changes to parties),

in each case until its entire participation in the Revolving Facility has been assigned or transferred to a Transferee in accordance with clause 26 (Changes to parties) and all amounts owing to it under the Senior Finance Documents in relation to the Revolving Facility have been paid in full;

"RHONE GAZ" has the meaning given to it in part 2 of schedule 9;

"SALE AND PURCHASE AGREEMENT" means the agreement (protocole d'accord) dated 16 February 2001, as amended pursuant to amendment agreements dated 26 March 2001 and 22 August 2001, relating to the acquisition of the shares of Antargaz made between, amongst others, the Parent as purchaser and the Vendors;

"SECURITY DOCUMENTS" means each of the security documents specified in schedule 2 and all other documents creating, evidencing or granting a Security Interest in favour of any Finance Party in relation to the obligations of any Obligor under any Senior Finance Document;

"SECURITY INTEREST" means any mortgage, pledge, lien, right of set-off, assignment by way of security, reservation of title, any other security interest or any other agreement or arrangement (including a sale and repurchase arrangement) having the commercial effect of conferring security;

"SENIOR FINANCE DOCUMENTS" means this agreement, each Security Document, the Intercreditor Agreement, each Hedging Agreement, each Accession Document, each Transfer Certificate, the Fees Letter, the Disclosure Letter, the subordination provisions expressed to be given for the benefit of the Finance Parties in the High Yield Documents and any other document designated as a Senior Finance Document by the Parent and the Facility Agent;

"SENIOR MANAGEMENT TEAM" means Mr. Francois Varagne, Mr. Yves de Gerard, Mr. Duprez and Mr. Delaplace;

"SERVICE CONTRACTS" means the contracts of employment made between Antargaz and each member of the Senior Management Team;

"SHAREHOLDERS AGREEMENT" means the shareholders agreement dated 9 April 2002 between the Original Equity Investors governing the relationship between the Original Equity Investors as shareholders in the Parent;

"SIGNING DATE" means the date of this agreement;

"SOBEGAL" has the meaning given to it in part 2 of schedule 9;

"STORAGE AND LOGISTICS COMPANIES" means the companies and other corporate entities listed in part 2 of schedule 9;

"SUBSIDIARY" means:

- (a) an entity of which a company or other entity has from time to time direct or indirect control (as defined in article L233-3 of the French Commercial Code (as in force at the date of this agreement, but excluding paragraph III thereof)); or
- (b) any other company or other entity in respect of which, in accordance with the Approved Accounting Principles, the assets, liabilities, income and expenses are added to those of the Parent in accordance with the full consolidation method referred to in the Disclosure Letter for the purposes of the preparation of consolidated financial statements of the Parent;

"SUPPLY AGREEMENTS" means the agreements set out in part 1 of schedule 10;

"SYNDICATION DATE" means the earlier of:

- (a) the date the Facility Agent notifies the Parent and the other Finance Parties that primary syndication has been completed; and
- (b) the date falling 90 days after the first Drawdown Date;

"SYNDICATION MEMORANDUM" has the meaning given to it in clause 3.4(a)(i) (Syndication);

"TARGET DAY" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer system is operating;

"TAXES" means all present and future income and other taxes, levies, assessments, imposts, deductions, charges, duties, compulsory loans and withholdings (wherever imposed) and any charges in the nature of taxation together with interest thereon and penalties and fines in relation thereto, if any, and any payments made on or in relation thereof and "TAXATION" shall be construed accordingly;

"TERM ADVANCE" means the principal amount of the advance made or to be made under the Term Facility, as reduced from time to time by repayment or prepayment;

"TERM COMMITMENT" means:

- (a) in relation to a Lender identified in schedule 1, the amount set opposite its name under the heading "Term Commitment" in schedule 1 and the amount of any other Term Commitment transferred to it under this agreement; or
- (b) in relation to any other Lender, the amount of any Term Commitment transferred to it under this agreement,

to the extent not cancelled, reduced or transferred by it under this agreement;

"TERM FACILITY" means the term loan facility made available by the Term Lenders under clause 2.1(a) (Facilities);

"TERM FINAL REPAYMENT DATE" means 30 June 2008;

"TERM LENDERS" means:

- (a) the persons identified in schedule 1 as participating in the Term Facility; and
- (b) each Transferee which has become a party to this agreement in relation to the Term Facility in accordance with clause 26 (Changes to parties),

in each case until its entire participation in the Term Facility has been assigned, cancelled or transferred to a Transferee in accordance with clause 26 (Changes to parties) and all amounts owing to it under the Senior Finance Documents in relation to the Term Facility have been paid in full;

"TOTAL COMMITMENTS" means the aggregate of all the Commitments at any time;

"TRANSACTION DOCUMENTS" means the Senior Finance Documents, the Equity Documents, the Acquisition Documents, the Supply Agreements, the Service Contracts, the High Yield Documents and the Intra-Group Bond Documents;

"TRANSFER CERTIFICATE" means a certificate substantially in the form set out in part 1 of schedule 5;

"TRANSFEREE" has the meaning given to it in clause 26.2(a) (Assignments and transfers by Lenders);

"TREATY ON EUROPEAN UNION" means the Treaty of Rome signed on 25 March 1957 as amended by the Single European Act 1986 and the Maastricht Treaty signed on 7 February 1992;

"UGI" means UGI France, Inc., a Subsidiary of UGI Corporation, or any of its Affiliates;

"USD DOLLAR", "DOLLAR" or "USD" means the lawful currency for the time being of the United States of America;

"WARRANTY AGREEMENT" means the warranty agreement (convention de garantie) dated 16 February 2001, as amended on 22 August 2001, made between the Vendors and the Purchaser in connection with the Sale and Purchase Agreement; and

"VENDORS" means Elf Antar France and Elf Aquitaine.

1.2 CONSTRUCTION

In this agreement, unless a contrary intention appears, a reference to:

- (a) a document being "IN THE AGREED FORM" means in a form agreed between the Parent and the Facility Agent;
- (b) an "AGREEMENT" includes any legally binding arrangement, concession, contract, deed or franchise (in each case whether oral or written);
- (c) an "AMENDMENT" includes any amendment, supplement, variation, novation, modification, replacement or restatement and "AMEND", "AMENDING" and "AMENDED" shall be construed accordingly;
- (d) "ASSETS" includes property, business, undertaking and rights of every kind, present, future and contingent (including uncalled share capital) and every kind of interest in an asset;

- (e) a "CONSENT" includes an authorisation, approval, exemption, licence, order, permission or waiver;
 - (f) a "FILING" includes any filing, registration, recording or notice;
 - (g) a "GUARANTEE" includes:
 - (i) an indemnity;
 - (ii) a cautionnement simple, a cautionnement solidaire and a garantie autonome; and
 - (iii) any other obligation (whatever called) of any person:
 - (A) to pay, purchase, provide funds (whether by the advance of money, the purchase of or subscription for shares or other investments, the purchase of assets or services, the making of payments under an agreement or otherwise) for the payment of, indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person; or
 - (B) to be responsible for the performance of any obligations by or the solvency of any other person,
- and "GUARANTEED" and "GUARANTOR" shall be construed accordingly;
- (h) "INCLUDING" means including without limitation and "INCLUDES" and "INCLUDED" shall be construed accordingly;
 - (i) "INDEBTEDNESS" includes any obligation (whether incurred as principal, guarantor or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (j) "LOSSES" includes losses, actions, damages, claims, proceedings, costs, demands, expenses (including fees) and liabilities and "LOSS" shall be construed accordingly;
 - (k) a "MONTH" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:
 - (i) if any such period would otherwise end on a day which is not a Business Day, it shall end on the next Business Day in the same calendar month or, if none, on the preceding Business Day; and
 - (ii) if a period starts on the last Business Day in a calendar month, or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month,
- and references to "MONTHS" shall be construed accordingly;
- (l) a "PERSON" includes any person, individual, firm, company, corporation, government, state or agency of a state or any undertaking or other association (whether or not having separate legal personality) or any two or more of the foregoing;

- (m) a "REGULATION" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- (n) the "WINDING-UP" of any person includes its dissolution and/or termination and/or any equivalent or analogous proceedings under the law of any jurisdiction in which that person is incorporated, registered, established or carries on business or to which that person is subject.

1.3 OTHER REFERENCES

In this agreement, unless a contrary intention appears:

- (a) a reference to any person is, where relevant, deemed to be a reference to or to include, as appropriate, that person's successors and permitted assignees or transferees;
- (b) references to clauses and schedules are references to, respectively, clauses of and schedules to this agreement and references to this agreement include its schedules;
- (c) a reference to (or to any specified provision of) any agreement or document (including the Senior Finance Documents) is to be construed as a reference to that agreement or document (or that provision) as it may be amended from time to time, but excluding for this purpose any amendment which is contrary to any provision of any Senior Finance Document;
- (d) a reference to a statute, statutory instrument or accounting standard or any provision thereof is to be construed as a reference to that statute, statutory instrument or accounting standard or such provision thereof, as it may be amended or re-enacted from time to time;
- (e) a time of day is a reference to Paris time;
- (f) the index to and the headings in this agreement are inserted for convenience only and are to be ignored in construing this agreement; and
- (g) words importing the plural shall include the singular and vice versa.

1.4 CASH COVER

- (a) If a Borrower is obliged under this agreement to repay or prepay or provide cash cover in relation to any contingent liability under a Bank Guarantee that Borrower shall, on the date for that repayment, prepayment or provision of cash cover:
 - (i) by agreement with the relevant Beneficiary, reduce that contingent liability by the relevant amount; or
 - (ii) pay the relevant amount to the credit of a Cash Collateral Account.
- (b) Any amounts standing to the credit of any Cash Collateral Account shall bear interest at the rate normally offered to corporate depositors on similar deposits by the Finance Party with which that account is held.

1.5 CURRENCY CONVERSION

For the purposes of the Senior Finance Documents (other than clauses 19.11 (Financial covenants) to 19.14 (Calculation adjustments) (inclusive)), if a Euro amount needs to be determined, any amount which is denominated in a currency other than Euro will be converted into Euro using the Euro Spot Rate on that date.

2. THE FACILITIES

2.1 FACILITIES

Subject to the other provisions of this agreement:

- (a) the Term Lenders agree to make available to the Parent, a term loan facility in a maximum aggregate principal amount not exceeding EUR 220,000,000, which shall be available by way of a single Term Advance in Euro;
- (b) the Revolving Lenders agree to make available to the Borrowers a revolving credit facility in a maximum aggregate principal amount not exceeding EUR 50,000,000 (or its equivalent in the Optional Currency), which shall be available by way of Revolving Advances and Bank Guarantees in Euro and/or the Optional Currency).

2.2 PURPOSE

- (a) The proceeds of the Term Advance shall be applied in or towards discharging existing indebtedness of the Parent under the Existing Term Facilities.
- (b) The proceeds of the Revolving Advances and each Bank Guarantee shall be used for the working capital requirements of Group Companies arising after the first Drawdown Date (excluding any payment of the purchase price for the assets acquired in accordance with clause 19.4 (Acquisition and investment undertakings)), provided however that a Revolving Advance may be drawn down by the Parent on the first Drawdown Date for the purpose of discharging existing indebtedness of the Parent under the Existing Term Facility provided that, if made, such first Revolving Advance shall be repaid no later than four Business Days after the first Drawdown Date out of the cash of the Parent (and not out of the proceeds of a Rollover Advance).
- (c) No Finance Party shall be obliged to enquire about, or be responsible for, the use or application of amounts borrowed under this agreement.

2.3 PARENT AS OBLIGORS' AGENT

Each Obligor irrevocably appoints the Parent as its agent for the purpose of:

- (a) executing and delivering on its behalf any Accession Document and any other agreement or document capable of being entered into by that Obligor under or in connection with the Senior Finance Documents;
- (b) giving and receiving any notice or instruction under or in connection with any Senior Finance Document (including any Drawdown Request); and

- (c) agreeing and executing all consents, waivers, agreements and amendments (however fundamental and notwithstanding any increase in obligations of or other effect on an Obligor) entered into in connection with the Senior Finance Documents (including confirmation of continuation of guarantee obligations in connection with any amendment or consent in relation to the Facilities).

The appointment of the Parent as the agent of an Obligor for any purpose set out above does not prevent that Obligor from taking the relevant action in its own name.

3. PARTICIPATION OF LENDERS

3.1 BASIS OF PARTICIPATION

Subject to the other provisions of this agreement:

- (a) each relevant Lender will participate in the Term Advance in the proportion which its Term Commitment bears to the total Commitments in relation to the Term Facility as at the relevant Drawdown Date; and
- (b) each Revolving Lender will participate in each Drawing of the Revolving Facility (in the case of a Bank Guarantee by way of indemnity in favour of the Issuing Lender under clause 6.4(b) (Indemnities)) in the proportion which its Revolving Commitment bears to the total Commitments in relation to the Revolving Facility as at the relevant Drawdown Date.

3.2 LENDING OFFICE

- (a) Each Lender will participate in each Drawing through its Lending Office.
- (b) If any Lender changes its Lending Office for the purpose of the Facilities, that Lender will, as soon as reasonably practicable after that change, notify it to the Facility Agent and the Parent and, until it does so, the Agents and the Parent will be entitled to assume that no such change has taken place.
- (c) Any Lender may nominate a different Lending Office for the purposes of making a particular Drawing or a particular type of Drawing to an Obligor in which event such Lending Office shall be, for the purposes of this agreement, its Lending Office for that Drawing or type of Drawing but not otherwise.

3.3 RIGHTS AND OBLIGATIONS OF FINANCE PARTIES

- (a) The rights and obligations of each of the Finance Parties under the Senior Finance Documents are several (conjointes mais non solidaires). The failure by a Finance Party to comply with its obligations under any Senior Finance Document shall not:
 - (i) result in any other Finance Party incurring any liability; or
 - (ii) relieve any Obligor or any other Finance Party from its obligations under the Senior Finance Documents.
- (b) Subject to the other provisions of the Senior Finance Documents, each Finance Party has the right to protect and enforce its rights arising out of the Senior Finance Documents and it will not be necessary for any other Finance Party to be joined as an additional party in any proceedings brought for the purpose of protecting or enforcing those rights.

3.4 SYNDICATION

- (a) The Facilities are being made available by the Lenders with the intention (but not the obligation) that the Facility Agent should co-ordinate primary syndication. Each Obligor undertakes to assist and co-operate with the Facility Agent in syndication in such a manner and to such an extent as the Facility Agent may reasonably request, including by:
- (i) the preparation, review and approval of a syndication information memorandum in relation to the Group and the business, trading, prospects, financial condition, assets and liabilities of the Group as a whole and of each Group Company;
 - (ii) participating in presentations to potential Lenders concerning the activities of the Group as a whole and of each Group Company; and
 - (iii) selecting Interest Periods in relation to Advances no longer than one month in relation to all Advances made on or before the date falling 90 days after the first Drawdown Date.
- (b) Before the Syndication Date, no Lender may assign, transfer, sub-participate, sub-contract or deliver a Transfer Certificate in relation to all or any part of its rights or obligations under any Senior Finance Document without the prior consent of the Facility Agent.

4. CONDITIONS PRECEDENT

4.1 INITIAL CONDITIONS PRECEDENT

- (a) The Lenders shall not be under any obligation to make the first Drawing available to any Borrower unless:
- (i) the Facility Agent has received all of the documents and information specified in schedule 3 (Documentary Conditions Precedent) in form and substance satisfactory to it (acting reasonably) (or the Facility Agent is satisfied that, immediately after the making of the Term Advance to be made on the first Drawdown Date, it will receive those documents and that information in form and substance satisfactory to it (acting reasonably));
 - (ii) the Facility Agent is satisfied that the Refinancing will occur immediately after the making of the Term Advance and, as the case may be, a Revolving Advance to be made on the first Drawdown Date; and
 - (iii) the relevant funds are available in the relevant money markets to make the relevant Drawing available.
- (b) The Facility Agent shall deliver to the Parent on the Signing Date a letter containing the list of the documents and information specified in schedule 3 (Documentary Conditions Precedent) which it has received in form and substance satisfactory to it on or before the Signing Date.

4.2 FAILURE TO SATISFY INITIAL CONDITIONS PRECEDENT

Except as the Facility Agent (acting on the instructions of all the Lenders) agrees otherwise, if the conditions referred to in clause 4.1 (Initial conditions precedent) have not been fulfilled or waived in writing on or before the last day of the Availability Period for the Term Facility:

- (a) all the Commitments will automatically be cancelled; and
- (b) the Lenders will cease to have any obligation to make any Drawing available.

4.3 ADDITIONAL CONDITIONS PRECEDENT TO DRAWINGS

Subject to clause 4.4 (Rollover Advances) and subject (in respect of the first Drawing) to clause 20.3 (Certain Funds Period), the obligations of the Lenders to make any Drawing available are subject to the conditions precedent that, on both the date of the relevant Drawdown Request and the relevant Drawdown Date:

- (a) no Default has occurred and is continuing or will occur as a result of making that Drawing;
- (b) the representations and warranties set out in clause 18 (Representations and Warranties) which are made or repeated on those dates are true and accurate in all material respects by reference to the facts and circumstances then subsisting and will remain true and accurate in all material respects immediately after that Drawing is made; and
- (c) the relevant funds are available in the relevant money markets to make the relevant Drawing available.

4.4 ROLLOVER ADVANCES

If, in relation to a Revolving Advance (the "ROLLOVER ADVANCE"):

- (a) either of the conditions specified in clause 4.3(a) or (b) (Additional conditions precedent to Drawings) is not satisfied on the Drawdown Date for the new Revolving Advance;
- (b) the amount of the Rollover Advance does not exceed the amount of an existing Revolving Advance (the "EXISTING REVOLVING ADVANCE") which is due to be repaid on the Drawdown Date of the new Revolving Advance; and
- (c) the proceeds of the Rollover Advance are applied in repaying the existing Revolving Advance,

then, unless any notice is then outstanding under clause 20.2 (Cancellation and repayment), the Lenders may not refuse to advance the Rollover Advance by reason of the conditions specified in clause 4.3(a) or (b) (Additional conditions precedent to Drawings) not being satisfied.

5. DRAWDOWN PROCEDURES

5.1 DELIVERY OF DRAWDOWN REQUESTS

In order to utilise a Facility, the relevant Borrower must deliver to the Facility Agent a duly completed Drawdown Request:

- (a) in the case of any Advance to be borrowed on the first Drawdown Date, not later than 10:00 am on that date; and
- (b) in the case of any other Advance, not later than 10:00 am three Business Days before the proposed Drawdown Date.

5.2 CONTENT OF DRAWDOWN REQUESTS

Each Drawdown Request delivered to the Facility Agent must be in the applicable form set out in schedule 4 and must specify (or attach, as appropriate) the following:

- (a) which Facility is to be utilised;
- (b) the identity of the Borrower;
- (c) the proposed Drawdown Date, which must be a Business Day during the relevant Availability Period;
- (d) if the Drawing is by way of Advance, the amount and currency of that Advance, which must:
 - (i) in the case of a Term Advance, be an amount in Euro equal to the undrawn Term Commitments;
 - (ii) in the case of a Revolving Advance, be in an amount equal to or less than (and in the case of a Revolving Advance in the Optional Currency have a Euro Equivalent equal to or less than) the undrawn portion of the total Commitments in relation to the Revolving Facility and, if less (save for a Revolving Advance made in accordance with clause 6.9 (Revolving Advance to fund demands under Bank Guarantees)):
 - (A) in the case of a Revolving Advance in Euro, a minimum of EUR 2,500,000 and an integral multiple of EUR 500,000; and
 - (B) in the case of a Revolving Advance in the Optional Currency, an amount in the Optional Currency having an Euro Equivalent of not less than EUR 2,500,000 or, if higher, being the Euro Equivalent of an integral multiple of EUR 500,000; or
- (e) if the Drawing is by way of an Advance, the duration of the Interest Period applicable to the Revolving Advance or the first Interest Period applicable to the relevant Term Advance (as the case may be), which must comply with clause 8 (Selection of Interest Periods);
- (f) if the Drawing is by way of an Advance, details of the payee and the account to which the proceeds of the Drawing are to be paid; and
- (g) if the Drawing is by way of a Bank Guarantee:
 - (i) the amount and currency of that Bank Guarantee, which must be in an amount equal to or less than (and in the case of a Bank Guarantee in the Optional Currency have a Euro Equivalent equal to or less than) the undrawn portion of the total Commitments in relation to the Revolving Facility and, if less:
 - (A) in the case of a Bank Guarantee denominated in Euro, a minimum of EUR 100,000; or
 - (B) in case of a Bank Guarantee denominated in the Optional Currency, an amount in the Optional Currency having an Euro Equivalent of not less than EUR 100,000;
 - (ii) the Beneficiary of that Bank Guarantee;
 - (iii) the expiry date of that Bank Guarantee, which must be a date on or before the Revolving Facility Repayment Date;

- (iv) the obligation to which the issue of that Bank Guarantee relates; and
- (v) the execution copy of the Bank Guarantee to be issued (which must be in a form previously agreed by the Parent, the Facility Agent and the relevant Issuing Lender).

5.3 REQUESTS IRREVOCABLE

A Drawdown Request once given may not be withdrawn or revoked.

5.4 NUMBER AND FREQUENCY OF REQUESTS

- (a) No more than one Term Advance in respect of the Term Facility may be borrowed.
- (b) No more than one Drawing of the Revolving Facility may be requested in any period of five consecutive Business Days and not more than three Drawings of the Revolving Facility may be borrowed in any calendar month. No more than eight Revolving Advances (excluding any Revolving Advance made in accordance with clause 6.9 (Revolving Advance to fund demands under the Bank Guarantees) and fifteen Bank Guarantees (or, in each case, any higher number agreed by the Facility Agent) may be outstanding at any one time.
- (c) No Revolving Advance may be borrowed unless the Term Advance has been, or is being, advanced in full on or before the proposed Drawdown Date of the relevant Revolving Advance.

5.5 NOTICE TO THE LENDERS OF A PROPOSED DRAWING

The Facility Agent will promptly give each Lender details of each Drawdown Request received and of the amount of that Lender's participation in the Drawing referred to in that Drawdown Request.

5.6 MAKING OF ADVANCES

Subject to the provisions of this agreement, each Lender will make available to the Facility Agent its participation in the relevant Advance on the relevant Drawdown Date.

5.7 ISSUE OF BANK GUARANTEES

- (a) Subject to the provisions of this agreement, the Issuing Lender will issue the relevant Bank Guarantee requested by delivery of that Bank Guarantee to (or to the order of) the relevant Beneficiary on the relevant Drawdown Date.
- (b) No Bank Guarantee shall be issued for the account of a Group Company which is not a Borrower.
- (c) Any Lender which agrees with the Parent and the Facility Agent that it will issue Bank Guarantees will be the Issuing Lender. The Facility Agent shall notify the Lenders of any such agreement.

5.8 EXPIRY

No Drawing of the Revolving Facility will be permitted which gives rise to an actual or contingent liability of the relevant Borrower to any Lender which may mature after or otherwise extend beyond the Revolving Facility Repayment Date.

5.9 AUTOMATIC CANCELLATION

Any part of the Term Commitments undrawn on the last day of the Availability Period for the Term Facility will be automatically cancelled.

5.10 REVOLVING FACILITY COMMITMENT

On the date on which any Drawing is requested (whether or not in the Optional Currency) under the Revolving Facility, the Facility Agent shall determine whether the aggregate of:

- (a) the amount in Euro of that Drawing or, if denominated in the Optional Currency, the Euro Equivalent (determined as at or about 11:00 am three Business Days prior to the relevant Drawing Date) of that Drawing; and
- (b) the Euro Equivalent (determined as at or about 11:00 am three Business Days prior to the relevant Drawing Date) of each existing Revolving Advance denominated in the Optional Currency which will be outstanding on the relevant Drawing Date; and
- (c) each existing Revolving Advance denominated in Euro which will be outstanding on the relevant Drawing Date; and
- (d) the Euro Equivalent (determined as at or about 11:00 am two Business Days prior to the relevant Drawing Date) of the total Contingent Liability of all the Lenders under Bank Guarantees already issued and denominated in the Optional Currency which will be outstanding on the relevant Drawing Date; and
- (e) the total Contingent Liability of all the Lenders under Banks Guarantees already issued and denominated in Euro which will be outstanding on the relevant Drawing Date,

exceeds the total Commitments in relation to the Revolving Facility. In the event that the total Commitments in relation to the Revolving Facility are so exceeded the requested Drawing under the Revolving Facility shall be reduced by the amount by which the total Commitments in relation to the Revolving Facility are so exceeded.

5.11 OPTIONAL CURRENCY AVAILABILITY

If a Borrower requests a Drawing denominated in the Optional Currency under the Revolving Facility and, before 10:00 am on the Rate Fixing Day for that Drawing, the Facility Agent receives notice from a Lender (an "AFFECTED LENDER") that:

- (a) the Optional Currency is not readily available to it in the amount required; or
- (b) compliance with its obligation to participate in a Drawing in the Optional Currency would contravene a law or regulation applicable to that Affected Lender, then:
 - (i) the Facility Agent will notify the relevant Borrower to that effect by 12.00 am (noon) on that Rate Fixing Day;
 - (ii) following any such notification the relevant Borrower may notify the Facility Agent by 2.00 pm on that Rate Fixing Day that it no longer requires that Drawing to be made;
 - (iii) if the Facility Agent does not receive notification under clause 5.11(b)(ii), the relevant Borrower and the Facility Agent shall agree to adjust the amount of the Drawing to exclude the participation of the Affected Lender; and

- (iv) in the case of a Drawing by way of Advance, the Affected Lender shall make a separate Revolving Advance in Euro in an amount equal to the Euro Equivalent of the Affected Lender's proposed participation in the Advance requested.

5.12 OPTIONAL CURRENCY FLUCTUATIONS

- (a) The Facility Agent shall, if so requested by the Majority Lenders:
 - (i) calculate the aggregate Euro Equivalent of all outstanding Drawings under the Revolving Facility as at the end of the quarter in which that request was made (or on any other date reasonably requested by the Majority Lenders); and
 - (ii) if the amount calculated under clause 5.12(a)(i) exceeds the aggregate Revolving Commitments by more than five per cent., notify the Parent to that effect.
- (b) Within five Business Days of any notification under clause 5.12(a)(ii), the Parent shall prepay (or procure the prepayment of) Drawings under the Revolving Facility so as to reduce the aggregate Euro Equivalent of all outstanding under the Revolving Facility to an amount not exceeding the aggregate Revolving Commitments.

6. DEMANDS UNDER BANK GUARANTEES

6.1 DEMANDS

Each Issuing Lender shall, as soon as reasonably practicable after receipt by it of any demand under any Bank Guarantee, notify the Facility Agent of the amount of that demand and the Facility Agent, as soon as reasonably practicable after receipt of any such notice, shall notify the Parent, the Borrower for whose account that Bank Guarantee was issued (the "ACCOUNT PARTY") and the Revolving Lenders.

6.2 PAYMENTS

- (a) The Account Party shall, immediately after receipt of any notice from the Facility Agent under clause 6.1 (Demands), pay to the Facility Agent (for the account of the relevant Issuing Lender) the amount demanded from that Issuing Lender (as notified to the Facility Agent under clause 6.1 (Demands)), less any amount standing to the credit of any Cash Collateral Account which has been paid to the credit of that Cash Collateral Account to provide cash cover in relation to the Bank Guarantee under which the relevant Issuing Lender has received demand (a "RELEVANT CREDIT").
- (b) The Facility Agent shall pay to the relevant Issuing Lender any amount received by it from the Account Party under clause 6.2(a) together with any Relevant Credit.
- (c) The Facility Agent is irrevocably authorised by the Account Party, following a demand under any Bank Guarantee, to apply any Relevant Credit in satisfaction of the Account Party's obligations in relation to that Bank Guarantee.

6.3 AUTHORITY TO PAY

The Account Party irrevocably authorises each Issuing Lender to pay (without investigation or confirmation by it) any demand which appears on its face to be validly made under any Bank Guarantee issued by that Issuing Lender and agrees that, as between itself, the relevant Issuing Lender and the Lenders, that demand (in the absence of manifest error) shall be conclusive evidence that the demand has been properly made.

6.4 INDEMNITIES

- (a) The Account Party irrevocably and unconditionally agrees to indemnify each Issuing Lender on demand against all losses which may be suffered or incurred by that Issuing Lender under or in connection with any Bank Guarantee.
- (b) Without prejudice to the Account Party's obligations under clause 6.4(a), each Revolving Lender irrevocably, unconditionally and severally agrees to pay to each Issuing Lender on demand an amount equal to its proportion of the amount which that Issuing Lender has paid under the relevant Bank Guarantee less the amount recovered from the Account Party under clause 6.4(a). No Revolving Lender is liable under this clause 6.4(b) for an amount greater than its proportion of the Contingent Liability under the relevant Bank Guarantee (unless the relevant Revolving Lender fails to pay the relevant Issuing Lender on demand, in which event it will compensate that Issuing Lender for all losses it suffers as a result of that failure).
- (c) The Account Party irrevocably and unconditionally agrees to pay to each Revolving Lender on demand an amount equal to all payments by that Revolving Lender under clause 6.4(b) and to indemnify that Revolving Lender against all other losses which may be suffered or incurred by that Revolving Lender under or in connection with its obligations under clause 6.4(b).

6.5 INTEREST

The Account Party shall pay interest on all amounts paid by an Issuing Lender under or in connection with any Bank Guarantee or by any Revolving Lender under clause 6.4(b) (Indemnities) from (and including) the date of payment by that Issuing Lender or that Revolving Lender up to (and including) the date of payment, calculated and payable in accordance with clause 7.4 (Default interest).

6.6 CONTINUING INDEMNITY

- (a) The indemnities contained in clause 6.4 (Indemnities) (the "INDEMNITIES"):
 - (i) will remain in full force and effect until all the amounts to which the Indemnities are expressed to relate have been paid in full; and
 - (ii) are in addition to and are not in any way prejudiced by any other security now or subsequently held by any person.
- (b) Any settlement or discharge of any claim under any of the Indemnities shall be conditional on no payment made under the Indemnities being avoided or set aside or ordered to be refunded by virtue of any provision of any enactment relating to bankruptcy, insolvency or liquidation.

6.7 NO DISCHARGE

The Indemnities shall not be discharged, diminished or in any way adversely affected as a result of any of the following (whether or not known to any Obligor or Finance Party):

- (a) any time or waiver given to, or composition made with, any Obligor or any other person;
- (b) any amendment to, or replacement of, any Senior Finance Document (however fundamental), or any other agreement or security;

- (c) the taking, variation, compromise, renewal, release or refusal or neglect to perfect or enforce any right, remedies or security against any Obligor or any other person;
- (d) any purported obligation of any Obligor or any other person to any Finance Party (or any security for that obligation) becoming wholly or partly void, invalid, illegal or unenforceable for any reason;
- (e) any incapacity, lack of power, authority or legal personality or any change in the constitution of, or any amalgamation, consolidation or reconstruction of, any Obligor, Finance Party or other person;
- (f) any Obligor or other person becoming insolvent going into receivership or liquidation, having an administrator appointed or becoming subject to any other procedure for the suspension of payments to or protection of creditors; or
- (g) any other act, omission, circumstance, matter or thing which, but for this provision, might operate to impair the Indemnities.

6.8 NO SUBROGATION

No Account Party shall, by virtue of any payment made under the Indemnities, claim any right of subrogation, contribution or indemnity against any person for so long as any amount remains payable or capable of becoming payable under any Senior Finance Document.

6.9 REVOLVING ADVANCE TO FUND DEMANDS UNDER BANK GUARANTEES

- (a) Without prejudice to the relevant obligations of the Account Party under clause 6.2 (Payments), forthwith on the making of a demand pursuant to a Bank Guarantee (other than a demand made after the end of the Availability Period for the Revolving Facility), unless otherwise agreed between the Facility Agent and the Parent, the liability of the Account Party to indemnify the Issuing Lender in respect of that demand shall be deemed to have been fulfilled on the date of satisfaction by the Issuing Lender of that demand and the Account Party shall be deemed to have drawn a Revolving Advance in the currency of the relevant Bank Guarantee in the amount of that resulting liability so paid by the Issuing Lender, the proceeds of which shall be deemed forthwith to have been applied in discharge of that liability. The participation of each Revolving Lender in any such Advance shall be in the amount equal to the amount of its participation in the relevant Bank Guarantee by way of indemnity under clause 6.4(b) (Indemnities).
- (b) The Interest Period relating to any Revolving Advance deemed made pursuant to clause 6.9(a) shall be deemed to begin on (and the Drawdown Date for that Revolving Advance (for the purpose of determining the applicable EURIBOR shall be deemed to be)) the date on which the relevant Issuing Lender makes payment under the relevant Bank Guarantee and that Interest Period shall be one month (or any other period which the Facility Agent and the Parent agree). All provisions of this agreement relating to Revolving Advances (as applicable) (including the provisions of clause 4 (Conditions precedent) and all provisions relating to the payment of interest and the repayment and prepayment of principal in respect of Revolving Advances) shall apply to any such Revolving Advance.

7. INTEREST

7.1 RATE

The rate of interest on each Advance for each of its Interest Periods is the rate per annum determined by the Facility Agent to be the aggregate of:

- (a) the Margin for that Advance;
- (b) EURIBOR or LIBOR, as the case may be, for that Advance during that Interest Period; and
- (c) any applicable Mandatory Cost.

7.2 CALCULATION

Interest will accrue daily from and including the first day of an Interest Period and be calculated on the basis of a 360 day year.

7.3 PAYMENT

Each Borrower will pay interest accrued on each Advance made to it to the Facility Agent (for the account of the Lenders) in arrear on the last day of each Interest Period for that Advance and also, where that Interest Period is longer than six months, on the last day of each consecutive period of six months from (and including) the first day of that Interest Period.

7.4 DEFAULT INTEREST

If an Obligor fails to pay any amount under any Senior Finance Document on its due date (including any amount payable under this clause 7.4) (an "OVERDUE AMOUNT"), that Obligor will pay default interest on that overdue amount from its due date to the date of actual payment (both before and after judgement) at a rate (the "DEFAULT RATE") determined by the Facility Agent to be one per cent. per annum above:

- (a) where the overdue amount is principal which has become due and payable before the expiry of the relevant Interest Period, the rate applicable to that principal immediately before the date it fell due (but only for the period from that due date to the end of the relevant Interest Period); or
- (b) in any other case (including principal falling within clause 7.4(a) once the relevant Interest Period has expired), the rate which would be payable if the overdue amount was an Advance made for a period equal to the period of non-payment divided into successive Interest Periods of a duration selected by the Facility Agent (each a "DEFAULT INTEREST PERIOD").

For the purposes of determining the rate of interest on an overdue amount under this clause 7.4, the Margin will be:

- (a) if that amount comprises principal or interest or any other amount due in relation to a Facility, the Margin relating to that Facility; or
- (b) if that amount is not properly attributable to a Facility, the Margin under the Term Facility.

7.5 COMPOUNDING

Default interest will be payable on demand by the Facility Agent and will be compounded in accordance with article 1154 of the French Civil Code.

7.6 MARGIN ADJUSTMENT

- (a) Subject to clauses 7.6(b) to (d) (inclusive), if at any time as from the date of delivery to the Facility Agent of the Annual Accounts for the Financial Year ending 31 March 2004, the Annual Accounts or the Half-Year Accounts (as the case may be) as at the most recent Accounting Half-Year end date show that, for the 12 month period ending on such date, the ratio of Total Net Debt at the end of such period to EBITDA for such period is:
- (i) greater than 3.0:1, the Margin applicable to the Term Facility and the Revolving Facility will be 1.75 per cent. per annum;
 - (ii) equal to or less than 3.0:1 but greater than 2.5:1 the Margin applicable to the Term Facility and the Revolving Facility will be 1.45 per cent. per annum;
 - (iii) equal to or less than 2.5:1 but greater than 2.0:1, the Margin applicable to the Term Facility and the Revolving Facility will be 1.20 per cent. per annum;
 - (iv) equal to or less than 2.00:1, the Margin applicable to the Term Facility and the Revolving Facility will be 0.85 per cent. per annum.
- (b) Any change in the Margin under clause 7.6(a) shall take effect during (but only during) the period from (and including) the date on which the Facility Agent has received the Annual Accounts or Half-Year Accounts, as the case may be (the "ACCOUNTS") (together with the corresponding compliance certificates in accordance with clause 19.10(d) (Compliance certificates)) until (but excluding) the date (a "READJUSTMENT DATE") which is the earlier of:
- (i) the date on which the Facility Agent receives the Accounts as at the end date of the immediately following Accounting Half Year (together with the corresponding compliance certificate in accordance with clause 19.10(d) (Compliance certificates)); and
 - (ii) the latest date by which the Facility Agent should have received the Accounts referred to in clause 7.6(b)(i) under clause 19.10(c)(i) or 19.10(c)(ii) (Financial statements),
- and, on each Readjustment Date, the Margin applicable to the Term Facility and the Revolving Facility shall return to 1.75 per cent. per annum, unless a lower Margin is applicable under this clause 7.6.
- (c) No decrease in the Margin shall take effect if an Event of Default is outstanding. If an Event of Default occurs, the Margin applicable to the Term Facility and the Revolving Facility shall immediately return to (if it is not already) 1.75 per cent. per annum, until the time when no Event of Default is outstanding (when the Margin will again be determined in accordance with this clause 7.6).
- (d) If:
- (i) the Margin is:
 - (A) decreased in accordance with this clause 7.6 by reference to Half-Year Accounts; or
 - (B) Half-Year Accounts indicate that no increase in the Margin is required; and
 - (ii) subsequent Annual Accounts show that the Half-Year Accounts were erroneous or incomplete and as a result the margin should have been higher than the level shown by those Half-Year Accounts,

the Parent shall, promptly following demand by the Facility Agent, pay (or procure that the Borrowers pay) to the Facility Agent for the account of the Lenders the additional amount which would have been payable by the Borrowers if the Margin had been increased to the correct level during the relevant periods as shown by the relevant Annual Accounts. The Facility Agent's determination of any adjustments payable under this clause 7.6(d) shall, except in the case of manifest error, be conclusive.

7.7 NOTIFICATION

The Facility Agent will notify the Parent and the Lenders of each determination of an interest rate (including a default rate) and each selection of a Default Interest Period under this clause 7 as soon as reasonably practicable after any such determination or selection is made.

7.8 EFFECTIVE GLOBAL RATE

To comply with the provisions of articles L.313-4 to L.313-5 of the French Monetary and Financial Code (Code Monétaire et Financier), the Parent and the Lenders declare that the effective global rate for each of the Facilities cannot be calculated for the total duration of this agreement, primarily because of the floating rate of interest applicable to the Facilities and the relevant Borrower's selection of the duration of each Interest Period. However an example of the effective global rate calculation and the rate for a one month period shall be provided to the Parent by the Facility Agent on or before the date of this agreement substantially in the form set out in schedule 8.

8. SELECTION OF INTEREST PERIODS

8.1 TERM FACILITY

- (a) Subject to clause 3.4(a)(iii) (Syndication) and the other provisions of this agreement, each Interest Period for the Term Advance shall be one, two, three or six months as notified by the relevant Borrower to the Facility Agent no later than 10:00 am three Business Days before the start of that Interest Period (or any other period which the Facility Agent (acting on the instructions of all the Lenders) may agree).
- (b) The first Interest Period for the Term Advance will start on its Drawdown Date and each subsequent Interest Period for the Term Advance will start on the last day of the immediately preceding Interest Period for the Term Advance.
- (c) Each relevant Borrower will select Interest Periods for the Term Advance so that each Repayment Date for the Term Facility will fall on the last day of an Interest Period and, for this purpose, that Borrower may split the Term Advance into two separate Term Advances one of which shall (if applicable) be in an amount at least equal to the amount of the instalment due on the next following Repayment Date relating to the Term Advance and will have an Interest Period expiring on that Repayment Date.
- (d) If a Borrower fails to select an Interest Period then, save as provided in this clause 8, it will be deemed to have selected a period of three months or any shorter period which is necessary to comply with the requirements of clause 8.1(c).
- (e) The first Interest Period for the Term Advance starting on the first Drawdown Date and any subsequent Interest Periods starting during the 15 day period following the first Drawdown Date shall be (unless otherwise agreed by the Parent and the Facility Agent) any number of days (less than a whole week) or any number of whole weeks (less than four) as selected by the Parent not later than 10 a.m. on the first day of any such Interest Period (if less than a

whole week) or 10 a.m. three Business Days before the first day of any such Interest Period (if not less than a whole week), provided that the last Interest Period starting during such 15 day period shall be selected so as to end on 31 July 2003. By exception to the provision of clause 7.1 (Rate) and unless otherwise agreed by the Parent and the Facility Agent, the rate of interest on the Term Advance for any Interest Period that is less than a whole week will be the aggregate of (i) the Margin for that Advance, (ii) EONIA on a day-to-day basis during that Interest Period and (iii) any applicable Mandatory Costs.

8.2 REVOLVING FACILITY

- (a) Subject to clause 3.4(a)(iii) (Syndication) and the other provisions of this agreement, the Interest Period for each Revolving Advance shall be one, two, three or six months, as selected by the relevant Borrower in the relevant Drawdown Request (or any other period which Facility Agent (acting on the instructions of all the Lenders) may agree).
- (b) During the 15 day period following the first Drawdown Date, the Interest Period for each Revolving Advance drawn down during that period shall be (unless otherwise agreed by the Parent and the Facility Agent), as selected by the relevant Borrower in the relevant Drawdown Request, any number of days (less than a whole week) or any number of all weeks (less than four). During such 15-day period, the Drawdown Request in respect of any Revolving Advance drawn for a period of less than one whole week may be delivered to the Facility Agent on the date of that Revolving Advance (but not later than 10:00 am on that date). Each Borrower shall select Interest Periods of Revolving Advances so that 31 July 2003 will be the Maturity Date of each Revolving Advance outstanding immediately prior to that date. Any Revolving Advance made prior to 31 July 2003 shall be denominated in Euro. By exception to the provisions of clause 7.1 (Rate) and unless otherwise agreed by the Parent and the Facility Agent, the rate of interest on any Revolving Advance in Euro for an Interest Period of less than a week will be the aggregate of (i) the Margin for that Advance, (ii) EONIA on a day-to-day basis during that Interest Period and (iii) any applicable Mandatory Cost.

8.3 NON-BUSINESS DAYS

If any Interest Period would, but for this clause 8.3, end on a day which is not a Business Day, that Interest Period shall be extended to (and the Maturity Date in the case of a Revolving Advance shall be) the immediately following Business Day, unless the result of that extension would be to carry that Interest Period into another calendar month, in which case that Interest Period shall end on (and that Maturity Date shall be) the immediately preceding Business Day.

9. MARKET DISRUPTION

9.1 MARKET DISRUPTION NOTICE

If, in relation to any Advance (an "Affected Advance"):

- (a) the Facility Agent determines that, by reason of circumstances affecting the applicable interbank market generally, adequate and fair means do not or will not exist for ascertaining EURIBOR or LIBOR (as the case may be) applicable to that Affected Advance for an Interest Period; or
- (b) Lenders whose participations in that Affected Advance exceed 50 per cent. of the amount of that Affected Advance notify the Facility Agent that EURIBOR or LIBOR (as the case may be) would not accurately reflect the cost to those Lenders of making or maintaining their

participations in that Affected Advance for an Interest Period, the Facility Agent will give notice of that event to the Parent and the Lenders (a "MARKET DISRUPTION NOTICE").

9.2 SUBSTITUTE BASIS

During the 30 days following the giving of a Market Disruption Notice, the Affected Advance will be made and the Facility Agent and the Parent will negotiate in good faith in order to agree on a mutually acceptable substitute basis for calculating the interest payable on the relevant Affected Advance. If a substitute basis is agreed within that period, then it shall apply in accordance with its terms (and may be retrospective to the beginning of the relevant Interest Period). The Facility Agent will not agree a substitute basis under this clause 9.2 without first obtaining the approval of the Lenders.

9.3 COST OF FUNDS

Unless and until a substitute basis is agreed under clause 9.2 (Substitute basis), the interest payable on each Lender's participation in the relevant Affected Advance for the relevant Interest Period will be the rate certified by that Lender to be its cost of funds (from any source which it may reasonably select) plus the applicable Margin.

9.4 UNAVAILABILITY OF EURO

If, in relation to any proposed Drawing by way of an Advance, Lenders whose participations in that Advance exceed 50 per cent. of the amount of that Advance notify the Facility Agent that deposits in Euro will not be readily available to them in the European interbank market in order to enable them to fund their participations in that Advance, the Lenders will not be obliged to participate in the proposed Drawing and any Drawdown Request which has been served by the relevant Borrower will be deemed withdrawn.

10. REPAYMENT OF DRAWINGS

10.1 TERM ADVANCE

(a) The Parent shall repay the Term Advance in instalments. Each such instalment will fall due for repayment on each date specified in column (1) below and shall be in the amount specified opposite that date in column (2) below. Any balance of the aggregate outstanding principal amount of the Term Advance remaining outstanding on the Term Final Repayment Date shall be repaid in full on that date:

(1) DATE	(2) AMOUNT (EUR)
-----	-----
30 September, 2003	9,000,000
31 March, 2004	9,000,000
30 September, 2004	9,000,000
31 March, 2005	9,000,000
30 September, 2005	9,000,000
31 March, 2006	9,000,000
30 September, 2006	9,000,000
31 March, 2007	9,000,000
30 September, 2007	9,000,000
31 March, 2008	39,000,000
30 June, 2008	100,000,000

(b) No amount repaid or prepaid in relation to the Term Advance may be redrawn.

10.2 REVOLVING ADVANCES REPAYMENT

- (a) Each Borrower of any Revolving Advance shall repay that Revolving Advance on its Maturity Date.
- (b) On the Maturity Date of the first Revolving Advance made on the first Drawdown Date pursuant to clause 2.2(b) (Purpose), as the case may be, the Parent shall repay that Revolving Advance out of the cash of the Parent (and not out of the proceeds of a Rollover Advance).
- (c) Any amount repaid under the Revolving Facility may be redrawn in accordance with clause 5 (Drawdown procedures).
- (d) On the Revolving Facility Repayment Date:
 - (i) the Revolving Facility will expire and the Revolving Commitment of each Lender will be reduced to zero; and
 - (ii) each Borrower will repay or prepay all amounts outstanding and owed by it in relation to the Revolving Facility (together with all its Contingent Liabilities).
- (e) The Parent shall procure that:
 - (i) for a period of at least 15 consecutive Business Days during the 18-month period following the first Drawdown Date, the total amount of all Revolving Advances shall be reduced to EUR 10,000,000 (or its equivalent in other currencies); and
 - (ii) for a period of at least 10 consecutive Business Days during each consecutive 12-month period following the end of the 18-month period referred to in sub-paragraph (i) above, the total amount of all Revolving Advances shall be reduced to zero;

11. PREPAYMENT AND CANCELLATION

11.1 VOLUNTARY PREPAYMENT

A Borrower may prepay all or any part of the Term Advance at any time without premium or penalty, provided that:

- (a) the Facility Agent has received no less than five Business Days' irrevocable notice from the Parent of the proposed date and amount of the prepayment;
- (b) any partial prepayment is in a minimum amount of EUR 5,000,000 and, if greater an integral multiple of EUR 1,000,000; and
- (c) if paid other than on the last day of the Interest Period for the Term Advance, the relevant Borrower indemnifies the Lenders under clause 28.1 (General indemnity and breakage costs).

11.2 ADDITIONAL RIGHT OF PREPAYMENT

If:

- (a) interest on a Lender's participation in an Advance is being calculated in accordance with clause 9.3 (Cost of funds);

- (b) a Borrower is required to pay any additional amount to a Lender under clause 13.1 (Gross up); or
- (c) the Parent is required to pay any amount to a Lender under clause 14.1 (Increased costs),

then, without prejudice to the obligations of any Obligor under those clauses, the Parent may, whilst the circumstances continue, serve a notice of prepayment and cancellation on that Lender through the Facility Agent. If the Parent serves any such notice:

- (a) on the date which is ten Business Days after the date of service of the notice, each Borrower shall:
 - (i) prepay that Lender's participation in all Advances drawn by it together which accrued interest on those Advances and all other amounts payable to that Lender under the Senior Finance Documents; and
 - (ii) provide cash cover in accordance with clause 1.4 (Cash cover) in an amount equal to the total Contingent Liability (if any) of that Lender in relation to Bank Guarantees; and
- (b) all that Lender's Commitments shall be cancelled and reduced to zero as at the date of service of the notice.

11.3 SALE, CHANGE OF CONTROL AND LISTING

- (a) If a Change of Control, Listing (other than a Permitted Listing) or Sale occurs:
 - (i) all of the Lenders' Commitments will immediately be cancelled and reduced to zero; and
 - (ii) each Borrower will immediately prepay all Advances drawn by it, all Bank Guarantees issued for its account and all sums advanced to it.
- (b) For the purposes of this agreement:
 - (i) a "CHANGE OF CONTROL" will occur if:
 - (A) the Permitted Controlling Investors cease to hold more than 50 per cent. of the equity share capital of the Parent or equity share capital having the right to cast more than 50 per cent. of the votes capable of being cast in general meetings of the Parent; or
 - (B) the Permitted Controlling Investors cease after the date of this agreement to have the right to determine the composition of a majority of the board of directors (or like body) of the Parent; or
 - (C) the Permitted Controlling Investors cease after the date of this agreement to have "control" (as defined in article L. 233-3 of the French Commercial Code) of the Parent;
 - (D) UGI and Medit together cease at any time prior to the third anniversary of the date of completion of the Acquisition to hold at least 20 per cent. of the equity share capital of the Parent or equity share capital having the right to cast at

least 20 per cent. of the votes capable of being cast in general meetings of the Parent; or

- (E) a Change of Control as defined in the High Yield Documents occurs under the High Yield Documents;

it being specified that if a Change of Control is triggered by UGI ceasing to be a Permitted Controlling Investor as a result of any of the provisions of paragraph (B)(1) or (3) of the definition of "Permitted Controlling Investors" below, the date of such Change of Control shall be the date UGI ceases to be a Permitted Controlling Investor;

- (ii) "LISTING" means a listing of all or any part of the share capital of any Group Company on any investment exchange or any other sale or issue by way of flotation or public offering or any equivalent circumstances in relation to any Group Company in any jurisdiction or country;

- (iii) "PERMITTED CONTROLLING INVESTORS" means:

(A) P.A.I. (directly or indirectly through a wholly-owned Subsidiary of P.A.I.); or

(B) UGI, provided that:

- (1) (x) if and when UGI becomes a Controlling Investor, UGI's rating from Standard & Poor's Ratings Group (a division of The McGraw Hill Companies, Inc.) ("S&P") is at least BBB, provided that UGI shall cease to be a Permitted Controlling Investor if, at the time UGI's rating from, and as reviewed by, S&P takes into account and reflects, for the first time (and for the first time only) UGI becoming a Controlling Investor, such rating (including the Group) is lower than BBB and provided further that such rating taking into account for the first time UGI becoming a Controlling Investor shall be obtained within a 6 month period following the date it so becomes a Controlling Investor (the "UGI GRACE PERIOD") failing which UGI shall cease to be a Permitted Controlling Investor at the end of the UGI Grace Period; or

- (y) if on the date UGI becomes a Controlling Investor UGI has no rating from S&P, UGI shall nevertheless be a Permitted Controlling Investor provided that (I) it shall achieve a rating (taking into account UGI becoming a Controlling Investor and including the Group) of at least BBB from S&P within the UGI Rating Grace Period or (II) alternatively if UGI cannot obtain any rating from S&P, UGI Corporation (or any of its Subsidiaries of whom UGI is a Subsidiary) shall achieve a rating (taking into account UGI becoming a Controlling Investor and including the Group) of at least BBB from S&P within the UGI Rating Grace Period (and UGI shall cease to be a Permitted Controlling Investor if it (or UGI Corporation in the case of (II)) has not achieved such rating of at least BBB at the end of the UGI Rating Grace Period, including in the event that neither UGI nor

UGI Corporation (or any of its Subsidiaries of whom UGI is a Subsidiary) can obtain any rating from S&P within the UGI Rating Grace Period);

and further provided that during the UGI Rating Grace Period no Restricted Payment (as defined in clause 19.9(c)(ii) (Restriction on payment of dividends)) shall be made by the Parent;

- (2) if and when UGI becomes a Controlling Investor, the ratio of Total Net Debt to EBITDA, tested by reference to the Testing Period ending on the Testing Date falling on or immediately preceding the date on which UGI becomes a Controlling Investor, is no greater than (x) 3.50:1 if such date is on or before 30 September 2004, (y) 3.25:1 if such date is after 30 September 2004 but on or before 30 September 2006 or (z) 3.00:1 if such date is after 30 September 2006; and
 - (3) UGI shall only be a Permitted Controlling Investor to the extent that it is a Subsidiary of UGI Corporation or is UGI Corporation (and UGI shall cease to be a Permitted Controlling Investor if ceases to be a Subsidiary of UGI Corporation or is not UGI Corporation).
- (iv) "SALE" means a disposal (whether in a single transaction or a series of related transactions) of all or substantially all of the assets of the Group;
- (v) "PERMITTED LISTING" means a Listing which does not result in a Change of Control.

11.4 ASSET DISPOSALS

- (a) Subject to clauses 11.4(b) and 11.7 (Restrictions on upstreaming moneys), the Parent shall procure that the Net Proceeds of any disposal of any fixed asset exceeding EUR 80,000 (or its equivalent in other currencies) by a Group Company (other than a disposal permitted by clauses 19.3(a)(i), (ii), (iv), (v), (vi), (viii) or (ix) (Disposals) and other than to the extent that such Net Proceeds, when aggregated with the Net Proceeds of all other such sales made since the Signing Date, do not exceed EUR 17,500,000 (or its equivalent in other currencies)) are applied in prepayment of the Facilities.
- (b) Net Proceeds need not be so applied if within 360 days after receipt they are reinvested in fixed assets related to the Core Business.
- (c) All such Net Proceeds which are not applied for the purposes specified in clause 11.4(a) will be applied in prepaying the Facilities on the last day of the Interest Period for the relevant Advances following the expiry of the 360 day period referred to in clause 11.4(b).

11.5 INSURANCE CLAIMS

- (a) Subject to clauses 11.5(b), 11.5(c) and 11.7 (Restrictions on upstreaming moneys), if a Group Company receives any proceeds exceeding EUR 775,000 (or its equivalent in other currencies) as a result of making a claim under an insurance policy (other than in relation to third party liability or in relation to consequential loss policies that are actually applied to cover operating losses), the Parent shall procure that an amount equal to those proceeds (net of any applicable Tax) is applied in prepayment of the Facilities;

- (b) Any amount received or recovered as a result of making a claim under an insurance policy need not be so applied if within 360 days after receipt it is applied in reinstating, replacing, repairing or otherwise investing in assets related to the Core Business;
- (c) All such proceeds which are not applied for the purposes specified in clause 11.5(b) will be applied in prepaying the Facilities following the expiry of the 360 day period referred to in clause 11.5(b) or, if later, the last day of the Interest Period for the relevant Advances immediately following such date.

11.6 ORDER OF APPLICATION OF PREPAYMENTS

- (a) Any amount to be applied in prepayment of the Facilities under clauses 11.1 (Voluntary prepayment), 11.4 (Asset disposals) and 11.5 (Insurance claims) shall be applied:
 - (i) to prepay the Term Facility (x) in the order determined at the discretion of the Parent in respect of any prepayment of the Facilities under clause 11.1 (Voluntary Prepayment) or (y) in the order set forth in paragraphs (d) and (e) below in respect of any prepayment of the Facilities under clauses 11.4 (Asset disposals) and 11.5 (Insurance claims);
 - (ii) provided that all amounts under the Term Facility have been repaid first, in permanent prepayment of Revolving Advances, in such order as the Parent may select by no less than three Business Days' prior written notice to the Facility Agent and thereafter in providing cash cover in respect of any Contingent Liability under any Bank Guarantee issued under the Revolving Facility.
- (b) If any amount is applied in accordance with clause 11.6(a)(ii), the Revolving Commitments shall immediately be cancelled by the amount equal to each amount prepaid or provided as cash cover in relation to the Revolving Facility. Any such cancellation shall apply to the Revolving Commitment of each Revolving Lender on a pro rata basis.
- (c) Subject to the other provisions of this agreement, the Parent shall, by notice to the Facility Agent to be received at least three Business Days before the date of the relevant prepayment, designate which Drawings are to be prepaid on that date.
- (d) Any amount to be applied in prepayment under clause 11.6(a)(i)(y) against the Term Advance shall be applied in the following order:
 - (i) first, up to 100 per cent. of the first scheduled instalment of Term Advance set out in clause 10.1(a) (Term Advance) which falls due for payment immediately following the date of that prepayment; and
 - (ii) second, as to the balance (if any) of any such prepayment, up to 100 per cent. of the second scheduled instalment of Term Advance set out in clause 10.1(a) (Term Advance) which falls due for payment immediately following the date of that prepayment.

Any remaining amount to be applied in prepayment under clause 11.6(a)(i)(y) against the Term Advance shall be applied against the remaining scheduled instalments set out in clause 10.1(a) (Term Advance) on a pro rata basis.

11.7 RESTRICTIONS ON UPSTREAMING MONEYS

- (a) Any amount to be applied in prepayment of the Facilities under 11.4 (Asset disposals) and 11.5 (Insurance claims) shall (except where the relevant amount has been received directly by the Parent) be limited to the aggregate of:
- (i) the sum of (1) distributable profits of the Subsidiaries of the Parent net of taxes for the latest financial year (taking into account the relevant company's shareholding in its Subsidiaries) and (2) cash reserves distributable without incurring equalisation tax (en franchise de precompte) of the relevant Subsidiaries (taking into account the percentage of the Parent's shareholding in the relevant Subsidiaries); and
 - (ii) cash held by the Parent.
- (b) Subject to clause 11.7(a), the Parent shall (within boundaries of French law and to the extent that it does not thereby incur any material adverse tax consequences) use its best endeavours to facilitate cash circulation (including early repayments of intercompany loans between Group Companies with the exception of the intercompany loan referred to in subparagraph (ix) of clause 19.3(a) (Disposals)) so as to permit partial prepayments of the Facilities under clauses 11.4 (Asset disposals) and 11.5 (Insurance claims) to take place. The difference between the amount to be applied in prepayment of the Facilities under clause 11.4 (Asset disposals) and/or 11.5 (Insurance claims) and the amount which can legally be prepaid under the limitations described at clause 11.7(a)(i) and (ii) shall either be deposited by the relevant Group Company on a dedicated interest bearing bank account until the payment can be made upstream to the Parent (subject to a maximum period of six months) or, if the relevant Group Company is a Borrower under the Revolving Facility and if it so elects, shall be applied towards prepayment (but not cancellation) of the amounts due by it under the Revolving Facility.
- (c) If:
- (i) any amount is required to be applied in prepayment or repayment of the Facilities under this clause 11 but, in order to be so applied, moneys need to be upstreamed or otherwise transferred from one Group Company to another Group Company to effect that prepayment or repayment; and
 - (ii) those moneys cannot be so upstreamed or transferred without:
 - (A) breaching a financial assistance prohibition or other legal restriction applicable to a Group Company (or any of its directors); or
 - (B) any Group Company incurring a material cost (whether as a result of paying additional Taxes (including, in the case of a Group Company incorporated in France, any special dividend withholding tax (precompte) or otherwise),
- there will be no obligation to make that payment or repayment until that impediment no longer applies.

11.8 CANCELLATION OF TERM FACILITY

The Parent may cancel the undrawn amount of the Term Commitments relating to the Term Facility in whole or in part (but, if in part, in a minimum amount of EUR 5,000,000 and an integral multiple of EUR 1,000,000) at any time during the Availability Period for the Term Facility by giving no less than three Business Days' irrevocable notice to the Facility Agent specifying the date and amount of the proposed cancellation and, on any cancellation of any Term Commitments, the amount of the

corresponding Term Facility will reduce accordingly. Any such cancellation shall reduce each Lender's Commitment in respect of the Term Facility on a pro rata basis.

11.9 CANCELLATION OF REVOLVING FACILITY

- (a) Provided that the Revolving Facility shall not be cancelled by application of proceeds which would otherwise give rise to mandatory prepayment of the Term Advance under any of clauses 11.3 (Sale, Change of Control and Listing), 11.4 (Asset disposals) or 11.5 (Insurance claims), the Parent may cancel the Revolving Commitments in whole or in part (but, if in part, in a minimum of EUR 5,000,000 and an integral multiple of EUR 1,000,000) at any time during the Availability Period for the Revolving Facility by giving no less than five Business Days' irrevocable notice to the Facility Agent specifying the date and amount of the proposed cancellation and, on any cancellation of the Revolving Commitments, the amount of the Revolving Facility will reduce accordingly. Any such cancellation shall reduce each Lender's Revolving Commitment on a pro rata basis.
- (b) No cancellation of the Revolving Facility may be made if it would result in the aggregate of the Revolving Advances and the Contingent Liability of all the Lenders under Bank Guarantees issued under the Revolving Facility at the time of the proposed cancellation exceeding the total Revolving Commitments at such time.

11.10 MISCELLANEOUS

- (a) Any repayment or prepayment under this agreement must be accompanied by accrued interest on the amount repaid or prepaid and any other amount then due under this agreement.
- (b) No amount prepaid or cancelled under this clause 11 may be redrawn or reinstated.
- (c) Any notice of prepayment or cancellation given under this agreement shall be irrevocable and, in the case of notice of prepayment, the Parent or the Borrower named in that notice shall be obliged to prepay (or, in the case of the Parent, to procure prepayment) in accordance with that notice.
- (d) No prepayment of a Drawing or cancellation of any Commitment may be made except in accordance with this agreement.

12. PAYMENTS

12.1 BY LENDERS

- (a) On each date on which an Advance is to be made, each Lender shall make its participation in that Advance available to the Facility Agent on that date by payment in the currency in which the Advance is denominated and in immediately available cleared funds to the account specified by the Facility Agent for that purpose.
- (b) The Facility Agent shall make the amounts paid to it available to the relevant Borrower on the date of receipt by payment in the same currency as received by the Facility Agent to the account specified by that Borrower in the notice requesting that Advance. If any Lender makes its share of any Advance available to the Facility Agent later than required by clause 12.1(a), the Facility Agent shall make that share available to the relevant Borrower as soon as practicable after receipt.

12.2 BY OBLIGORS

- (a) On each date on which any amount is due from any Obligor under the Senior Finance Documents, that Obligor shall pay that amount on that date to the Facility Agent in immediately available cleared funds to the account specified by the Facility Agent for that purpose.
- (b) Each payment under this agreement from an Obligor is to be made in Euro, except that:
 - (i) each repayment or prepayment of an Advance shall be in the currency in which it was drawn;
 - (ii) each payment of interest shall be in same currency as the amount in relation to which that interest is payable;
 - (iii) each payment in respect of losses shall be made in the currency in which the losses were incurred;
 - (iv) each payment under clause 13.1 (Gross up) or clause 14.1 (Increased costs) shall be made in the currency specified by the claiming Finance Party; and
 - (v) any amount expressed to be payable in a currency other than Euro shall be paid in that other currency.
- (c) The Facility Agent shall, on the date of receipt, pay to the Finance Party to which the relevant amount is due its pro rata share (if any) of any amounts so paid to the Facility Agent in the same currency as received by the Facility Agent to the account specified by that party to the Facility Agent. If any amount is paid to the Facility Agent later than required by clause 12.2(a), the Facility Agent shall make that party's share available to it as soon as practicable receipt.

12.3 NETTING OF PAYMENTS

If on any Drawdown Date:

- (a) the Revolving Lenders are required to make a Revolving Advance; and
- (b) a payment is due to be made by an Obligor to the Facility Agent for the account of the Revolving Lenders,

the Facility Agent may, without prejudice to the obligation of the relevant Obligor to make that payment apply any amount payable by the Revolving Lenders to that Obligor on that Drawdown Date in relation to the relevant Revolving Advance in or towards satisfaction of the amounts payable by that Obligor to the Revolving Lenders on that Drawdown Date.

12.4 ASSUMED RECEIPT

Where an amount is to be paid under any Senior Finance Document for the account of another person, the Facility Agent will not be obliged to pay that amount to that person until it is satisfied that it has actually received that amount. If the Facility Agent nonetheless pays that amount to that person and the Facility Agent had not in fact received that amount, then that person will on request refund that amount to the Facility Agent. That person will be liable:

- (a) to pay to the Facility Agent on demand interest on that amount at the rate determined by the Facility Agent to be equal to the cost to the Facility Agent of funding that amount for the

period from payment by the Facility Agent until refund to the Facility Agent of that amount; and

- (b) to indemnify the Facility Agent on demand against any additional loss it may have incurred by reason of it having paid that amount before having received it.

12.5 NO SET-OFF OR DEDUCTIONS

All payments made by an Obligor under the Senior Finance Documents must be paid in full without set-off or counterclaim and not subject to any condition and free and clear of and without any deduction or withholding for or on account of any Taxes (except as provided in clause 13 (Taxes)).

12.6 BUSINESS DAYS

Subject to clause 8.3 (Non-Business Days), if any amount would otherwise become due for payment under any Senior Finance Document on a day which is not a Business Day, that amount shall become due on the immediately following Business Day and all amounts payable under any Senior Finance Document calculated by reference to any period of time shall be recalculated on the basis of that extension of time.

12.7 APPLICATION OF MONEYS

If any amount paid or recovered in relation to the liabilities of an Obligor under any Senior Finance Document is less than the amount then due, the Facility Agent shall apply that amount against amounts outstanding under the Senior Finance Documents in the following order:

- (a) first, to any unpaid fees and reimbursement of unpaid expenses of the Agents;
- (b) second, to any unpaid fees and reimbursement of unpaid expenses of the Lenders;
- (c) third, to unpaid interest;
- (d) fourth, to unpaid principal (including provision of cash cover in relation to Contingent Liabilities); and
- (e) fifth, to other amounts due under the Senior Finance Documents (other than the Hedging Agreements),

in each case (other than (a)), pro rata to the outstanding amounts owing to the relevant Finance Parties (other than the Hedging Lenders) under the Senior Finance Documents taking into account any applications under this clause 12.7. Any such application by the Facility Agent will override any appropriation made by an Obligor.

13. TAXES

13.1 GROSS UP

If any deduction or withholding for or on account of Taxes or any other deduction imposed by its jurisdiction of incorporation from any payment made or to be made by an Obligor to any Finance Party or by the Facility Agent to any other Finance Party under any Senior Finance Document is required by law, then that Obligor will:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required;

- (b) pay to the relevant Taxation or other authorities within the period for payment permitted by the applicable law, the amount which is required to be paid in consequence of the deduction (including the full amount of any deduction from any additional amount paid under this clause 13.1);
- (c) promptly pay to the relevant Finance Party an additional amount equal to the amount required to procure that the aggregate net amount received by that Finance Party will equal the full amount which would have been received by it if no such deduction or withholding had been made; and
- (d) indemnify each Finance Party against any losses incurred by it by reason of:
 - (i) any failure by the relevant Obligor to make any deduction or withholding; or
 - (ii) any such additional amount not being paid on the due date for payment of that amount.

13.2 EXEMPTIONS FROM GROSS-UP

No additional amount will be payable to a Finance Party under clause 13.1 (Gross up) to the extent that the relevant deduction or withholding would not have arisen if that Finance Party had been a Qualifying Lender at the time the relevant payment fell due (unless the reason it is not a Qualifying Lender is the introduction of, or a change in, any law or regulation, or a change in the interpretation or application of any law or regulation or in any practice or concession of the relevant tax authority, in each case occurring after the date of this agreement or after the date on which such Finance Party became a party to this Agreement).

13.3 INDEMNITY

Without prejudice to clause 13.1 (Gross up), if, as a result of a tax change occurring after the date of this agreement on or after the date on which such Finance Party became a party to this Agreement, any Finance Party (or any person on its behalf) is required to make any payment in relation to Tax (other than Tax on its overall net income) on or calculated by reference to the amount of any payment received or receivable by that Finance Party (or any person on its behalf) under any Senior Finance Document (including under clause 13.1 (Gross up)) or any liability in relation to any such payment is assessed, levied, imposed or claimed against any Finance Party (or any person on its behalf), the Parent shall, on demand by the Facility Agent, forthwith indemnify that Finance Party (or relevant other person) against that payment or liability and any losses incurred in connection with that payment or liability.

13.4 FILINGS

If an Obligor is required (or would in the absence of any appropriate filing be required) to make a deduction or withholding for or on account of Taxes or any other deduction contemplated by this clause 13, that Obligor and each relevant Finance Party shall promptly file all forms and documents which the appropriate Tax authority may reasonably require in order to enable that Obligor to make relevant payments under the Senior Finance Documents without having to make that deduction or withholding.

Each Finance Party which is a Qualifying Lender by reason of paragraph (b) of the definition of "Qualifying Lender" in clause 1.1 (Definitions) shall, as soon as reasonably practicable after request from the Parent, file with any relevant Tax authority, or provide to the Parent, any Tax form, declaration or other document which the Parent has reasonably requested from that Finance Party for

the purpose of enabling payments to be made by the relevant Obligor to that Finance Party under the Senior Finance Documents without deduction or withholding.

13.5 TAX CREDITS

If an Obligor pays an additional amount under clause 13.1 (Gross up) and a Lender, in its sole opinion acting in good faith, receives an off-setting Tax credit or other similar Tax benefit arising out of that payment, that Lender shall reimburse to the relevant Obligor the amount which that Lender determines, in its sole opinion acting in good faith, is attributable to the relevant deduction, withholding or payment and will leave it in no better or worse position in relation to its worldwide Tax liabilities than it would have been in if the payment of that additional amount had not been required, to the extent that that Lender, in its sole opinion acting in good faith, can do so without prejudice to the retention of the amount of that credit or benefit and without any other adverse Tax consequences for it. Any such reimbursement shall be conclusive evidence of the amount due to that Obligor and shall be accepted by that Obligor in full and final settlement of any claim for reimbursement under this clause 13.5.

13.6 TAX CREDIT RECOVERY

If, following any reimbursement by a Lender under clause 13.5 (Tax credits), that Lender is required to relinquish or surrender any credit or benefit or suffers an adverse Tax consequence as a result of that reimbursement and that relinquishment, surrender or that adverse Tax consequence was not (or was not fully) taken into account in determining that reimbursement, the relevant Obligor shall, on demand, return to that Lender the proportion of the reimbursement which will compensate the Lender for that relinquishment, surrender or adverse Tax consequence.

13.7 TAX AFFAIRS

Nothing in this clause 13 shall oblige any Lender to disclose any information to any person regarding its Tax affairs or Tax computations or interfere with the right of any Lender to arrange its Tax affairs in whatever manner it thinks fit.

14. CHANGE IN CIRCUMSTANCES

14.1 INCREASED COSTS

- (a) If the effect of the introduction of, or a change in, or a change in the interpretation or application of, any law or regulation (including any law or regulation relating to Taxation, reserve asset, special deposit, cash ratio, liquidity or capital adequacy requirements or any other form of banking or monetary controls) applicable to any Lender (an "AFFECTED LENDER") occurring after the date of this agreement or after the date on which it became a Lender or compliance by any Lender with any such law or regulation is to:
- (i) impose an additional cost on the Affected Lender as a result of it having entered into any Senior Finance Document or making or maintaining its participation in any Advance or of it performing its obligations under any Senior Finance Document;
 - (ii) reduce any amount payable to the Affected Lender under any Senior Finance Document or reduce the effective return on its capital or any class of its capital; or
 - (iii) result in the Affected Lender making any payment or foregoing any interest or other return on or calculated by reference to any amount received or receivable by the Affected Lender from any other party under any Senior Finance Document,

(each such increased cost, reduction, payment, foregone interest or other return being referred to in this clause 14.1 as an "INCREASED COST"), then:

- (A) the Affected Lender will notify the Parent and the Facility Agent of that event as soon as reasonably practicable after becoming aware of it; and
 - (B) on demand from time to time by the Affected Lender, the Parent will pay to the Affected Lender the amount which the Affected Lender reasonably determines is necessary to compensate the Affected Lender for that increased cost (or the portion of that increased cost which is, in the opinion of the Affected Lender, attributable to it entering into the Senior Finance Documents, making or maintaining its participation in any Drawing, or maintaining its Commitment).
- (b) The certificate of an Affected Lender specifying the amount of compensation payable under clause 16.1(a) and the basis for the calculation of that amount is, in the absence of manifest error, conclusive.
- (c) The Parent will not be obliged to compensate any Affected Lender under clause 16.1(a) in relation to any increased cost:
- (i) compensated for by clause 13 (Taxes);
 - (ii) attributable to a change in the rate of Tax on the overall net income of the Affected Lender;
 - (iii) attributable to the implementation by the applicable authorities having jurisdiction over the Affected Lender and/or its Lending Office of the matters set out in the statement of the Basle Committee on Banking Regulations and the Supervisory Practices dated July, 1988 and entitled "International Convergence of Capital Measurement and Capital Standards", or the directives of the European Council (as amended or supplemented prior to the date of this Agreement) of 17 April, 1989 on the own funds of credit institutions (89/229/EEC) and of 18 December, 1989 on the solvency ratio for credit institutions (89/647/EEC), except in the case of an increase in mandatory reserve requirements in respect of requirements in effect on the date of this agreement in each case to the extent and according to the timetable provided for therein;
 - (iv) occurring as a result of any negligence or wilful default of the Affected Lender or any of its Holding Companies including but not limited to a breach by that Affected Lender or any of its Holding Companies of any fiscal, monetary or capital adequacy limit imposed on it by any law or regulation; or
 - (v) to the extent that the increased cost was incurred in respect of any day more than six months after the first date on which it was reasonably practicable to notify the Parent thereof.
- (d) If any Holding Company of a Lender suffers a cost which would have been recoverable by that Lender under this clause 14.1 if that cost had been imposed on that Lender, that Lender shall be entitled to recover the amount of that cost under this clause 14.1 on behalf of the relevant Holding Company.

14.2 ILLEGALITY

If it is or becomes contrary to any law or regulation for any Lender to make any of the Facilities available or to maintain its participation in any Advance or any of its Commitments, then that Lender may give notice to that effect to the Facility Agent and the Parent, whereupon:

- (a) the relevant Borrowers will forthwith prepay that Lender's participation in all Advances then outstanding, together with all interest accrued on those Advances, provide cash cover in an amount equal to that Lender's Contingent Liability in relation to each Bank Guarantee and pay all other amounts due to that Lender under the Senior Finance Documents (including under clause 28.1 (General indemnity and breakage costs)); and
- (b) that Lender's undrawn Commitments (if any) will immediately be cancelled and that Lender will have no further obligation to make the Facilities available.

14.3 MITIGATION

If circumstances arise in relation to a Lender which would or may result in:

- (a) any Advance in which it participates becoming an Affected Advance under clause 9 (Market disruption); or
- (b) an obligation to pay an additional amount to it under clause 13.1 (Gross up); or
- (c) a demand for compensation by it under clause 14.1 (Increased costs); or
- (d) an obligation to prepay any amount to it under clause 14.2 (Illegality),

then, without in any way limiting, reducing or otherwise qualifying the obligations of the Obligors under the clauses referred to above, that Lender will notify the Facility Agent and the Parent as soon as reasonably practicable after becoming aware of those circumstances and, in consultation with the Facility Agent and the Parent, take such reasonable steps as may be open to it to mitigate the effects of those circumstances, including:

- (a) changing its Lending Office for the purposes of this agreement; or
- (b) transferring its rights and obligations under this agreement in accordance with clause 26 (Changes to parties),

but the Lender concerned will not be obliged to take any action if to do so might have a material adverse effect on its business, operations or financial condition or cause it to incur liabilities or obligations (including Taxation) which (in its reasonable opinion) are material or would materially reduce its return in relation to its participation in the Facilities.

14.4 ISSUING LENDER

References in clause 13 (Taxes) and this clause 14 to a "Lender" or "Lenders" include a Lender in its capacity as an Issuing Lender.

15. FEES, EXPENSES AND STAMP DUTIES

15.1 ARRANGEMENT AND UNDERWRITING FEE

The Parent will pay to the Arranger the arrangement and underwriting fee in accordance with the terms of the Fees Letter.

15.2 AGENCY FEE

The Parent will pay to the Facility Agent for its own account an agency fee in accordance with the terms of the Fees Letter.

15.3 COMMITMENT FEE

The Parent will pay to the Facility Agent for the account of the Lenders a commitment fee in respect of the Term Facility and the Revolving Facility which will:

- (a) in respect of the Term Facility and the Revolving Facility until the first Drawdown Date, be calculated at the rate of 0.25 per cent. per annum on the daily undrawn, uncanceled portion of the Total Commitments from (and including) the Signing Date until the first Drawdown Date and which will be paid in one instalment on the first Drawdown Date or, if earlier, on the last day of the Availability Period for the Term Facility; and
- (b) in respect of the Revolving Facility as from the first Drawdown Date, be calculated at the percentage rate per annum equal to 50 per cent. of the Margin applicable to the Revolving Facility on the daily undrawn, or not otherwise made available, and uncanceled portion of the Revolving Commitments from (and including) the first Drawdown Date until one month before the Revolving Facility Repayment Date and shall be payable quarterly in arrear and on the Revolving Facility Repayment Date.

Accrued commitment fee under this clause 15.3 is also payable to the Facility Agent for the account of each Lender on the cancelled amount of its Revolving Commitment on the date on which any cancellation of that Revolving Commitment takes effect.

15.4 BANK GUARANTEE COMMISSION

Each Borrower for whose account a Bank Guarantee is issued shall pay to the Facility Agent for the account of each Lender a commission at a rate equal to the Margin applicable to the Revolving Facility on that Lender's Contingent Liability from day to day in relation to that Bank Guarantee. That commission shall be payable quarterly in arrear from the date of this agreement for so long as that Lender has any such Contingent Liability and on the date on which it ceases to have any such Contingent Liability.

15.5 ISSUING LENDER FEE

Each Borrower for whose account a Bank Guarantee is issued shall pay to the Issuing Lender which issued that Bank Guarantee a fee equal to 0.125 per cent. per annum on the Contingent Liability of that Issuing Lender from day to day in relation to that Bank Guarantee. That fee shall be payable quarterly in arrear from the date of this agreement for so long as that Issuing Lender has any such Contingent Liability and on the date on which it ceases to have any such Contingent Liability.

15.6 VAT

All fees payable under the Senior Finance Documents are exclusive of any value added tax or other similar tax chargeable on or in connection with those fees. If any such value added tax or other similar tax is or becomes chargeable, that tax will be added to the relevant fee at the appropriate rate and will be paid by the relevant Obligor at the same time as the relevant fee itself is paid.

15.7 INITIAL EXPENSES

The Parent will on demand pay to the Agents and the Arranger the amount of all costs and expenses (including legal fees and other out-of-pocket expenses and any value added tax or other similar tax thereon) reasonably incurred by either Agent or the Arranger in connection with:

- (a) the negotiation, preparation, execution and completion of the Senior Finance Documents, and all documents, matters and things referred to in, or incidental to, any Senior Finance Document (subject to a cap as agreed in the Fees Letter);
- (b) any amendment, consent or suspension of rights (or any proposal for any of the same) relating to any Senior Finance Document (and documents, matters or things referred to in any Senior Finance Document);
- (c) the investigation of any Default; and
- (d) primary syndication (including the costs of preparing the Syndication Memorandum and all matters incidental to primary syndication).

15.8 ENFORCEMENT EXPENSES

The Parent will on demand pay to each Finance Party the amount of all costs and expenses (including legal fees and other out of pocket expenses and any value added tax or other similar tax thereon) reasonably incurred by that Finance Party in connection with the preservation, enforcement or attempted preservation or enforcement of any of that Finance Party's rights under any Senior Finance Document (and any documents referred to in any Senior Finance Document) upon production of duly documented evidence.

15.9 STAMP DUTIES, ETC.

The Parent will on demand indemnify each Finance Party from and against any liability for any stamp, documentary, filing and other duties and Taxes (if any) which are or may become payable in connection with any Senior Finance Document.

15.10 CALCULATION

All fees under this agreement which accrue and are payable in arrear will accrue on a daily basis and will be calculated by reference to a 360 day year and the actual number of days elapsed.

16. GUARANTEE AND INDEMNITY

16.1 GUARANTEE

Each Guarantor irrevocably and unconditionally and jointly and severally:

- (a) guarantees to each Finance Party (as a caution solidaire) punctual performance by each Obligor which is a Subsidiary of that Guarantor of all that Obligor's payment obligations under the Senior Finance Documents; and

- (b) undertakes with each Finance Party that whenever an Obligor which is a Subsidiary of that Guarantor does not pay any amount when due under or in connection with any Senior Finance Document, that Guarantor shall immediately on demand pay that amount.

16.2 FURTHER GUARANTEE PROVISIONS

The obligations of each Guarantor under clause 16.1 (Guarantee) (the "GUARANTEE OBLIGATIONS"):

- (a) will remain in full force and effect until all amounts which may be or become payable by any Obligor under or in connection with any Senior Finance Document have been irrevocably paid in full;
- (b) are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Finance Party; and
- (c) are subject to any limitation which is contained in the Accession Document by which that Guarantor becomes a Guarantor.

16.3 WAIVERS:

Each Guarantor irrevocably and expressly:

- (a) undertakes not to exercise any rights which it may have under article 2021 (benefice de discussion) or article 2026 (benefice de division) of the Code Civil;
- (b) waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this clause 16;
- (c) undertakes not to exercise any rights which it may have against any other Obligor under article 2032 of the Code Civil; and
- (d) undertakes not to exercise any rights which it may have under article 2039 of the Code Civil to take any action against any other Obligor in the event of any extension of any Availability Period, any Maturity Date, any Repayment Date or any other date for payment of any amount due, owing or payable to any Finance Party under any Senior Finance Document, in each case without the consent of that Guarantor.

16.4 NO SUBROGATION

- (a) Until all amounts which may be or become payable by any Obligor under or in connection with any Senior Finance Document have been irrevocably paid in full, each Guarantor irrevocably and expressly undertakes not to exercise any rights which it may have (including its rights under article 2028 of the Code Civil):
 - (i) to be subrogated to or otherwise share in any security or monies held, received or receivable by any Finance Party or to claim any right of contribution in relation to any payment made by any Guarantor under this agreement;
 - (ii) to enforce any of its rights of subrogation and indemnity against any Obligor or any co-surety;

- (iii) following a claim being made on any Guarantor under clause 16.1 (Guarantee), to demand or accept repayment of any monies due from any other Obligor to any Guarantor or claim any set-off or counterclaim against any other Obligor; or
 - (iv) to claim or prove in a liquidation or other insolvency proceeding of any Obligor or any co-surety in competition with any Finance Party.
- (b) Each Guarantor agrees that, to the extent that the agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth in this clause 16.4 is found by any court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification which that Guarantor may have against any Obligor or against any collateral or security, and any rights of contribution which that Guarantor may have against any such other Guarantor shall be junior and subordinate to:
- (i) any rights any Finance Party may have against any Obligor (including without limitation that Guarantor);
 - (ii) all right, title and interest which any Finance Party may have in any such collateral or security; and
 - (iii) any right which any Finance Party may have against those Guarantors any Finance Party may use, sell or dispose of any item of collateral or security as it sees fit without regard to any subrogation rights which any Guarantor may have and, upon such disposal or sale, any rights of subrogation which that Guarantor may have had shall terminate.

If any amount is paid to any Guarantor on account of any such subrogation, reimbursement or indemnification rights at any time when all Guarantee Obligations have not been paid in full, those amounts shall be held for the benefit of the Finance Parties and shall forthwith be paid over to the Finance Parties to be credited and applied against the Guarantee Obligations, whether matured or unmatured, in accordance with the terms of this agreement.

16.5 TURNOVER

Each Guarantor shall hold for the benefit of and, promptly pay or transfer to, the Facility Agent any payment, distribution or benefit of security received by it arising as a result of a breach of this clause 16.

17. CHANGES TO OBLIGORS AND SECURITY

17.1 ADDITIONAL BORROWERS

A Group Company (other than Finco) may become a Borrower after the Signing Date in respect of the Revolving Facility if:

- (a) the Parent gives notice to the Facility Agent identifying the relevant Group Company (the "NEW BORROWER") attaching certified copies of such New Borrower's most recent audited accounts;
- (b) the Majority Lenders confirm to the Facility Agent that they consent to the New Borrower becoming a Borrower;

- (c) the New Borrower, the Parent (for itself and as agent for the existing Obligor) and the Facility Agent execute an Accession Document designating the New Borrower as a Borrower;
- (d) where the immediate Holding Company of the New Borrower is not already a Guarantor, the Parent and that Holding Company execute an Accession Document designating that Holding Company as a Guarantor;
- (e) the Parent or the New Borrower delivers to the Facility Agent:
 - (i) the original executed Accession Documents referred to in paragraphs (c) and (d) above;
 - (ii) the following documents executed by the New Borrower in favour of the Finance Parties:
 - (A) a general assignment of all Receivables by way of security (cession de creances professionnelles pursuant to the Loi Dailly); and
 - (B) a pledge of its business (nantissement de fonds de commerce);
 - (iii) a pledge of financial instruments accounts executed by the immediate Holding Company of the New Borrower over the shares in the New Borrower;
 - (iv) the documents listed in paragraph 1 (Formalities certificates) of schedule 3;
 - (v) a legal opinion confirming capacity and authorisation; and
 - (vi) a letter substantially in the form set out in schedule 8 (amended as necessary to reflect Drawings of the Revolving Facility) duly counter-signed by the New Borrower,

each satisfactory to the Facility Agent (acting reasonably).

17.2 EFFECTIVE TIME

When the conditions set out in clause 17.1 (Additional Borrowers) are satisfied, the Facility Agent will notify the Parent and the Finance Parties and the New Borrower will become a Borrower with effect from that notification.

17.3 RELEASE OF GUARANTORS

If no Default is continuing (or if a Default is continuing the relevant disposal is being effected at the request of the Majority Lenders in circumstances where any of the security created by the Security Documents has become enforceable) and all the shares in a Guarantor which is not a Borrower are disposed of to a person outside (and which will remain outside) the Group in accordance with this agreement, the Facility Agent and the Security Agent shall, on request of the Parent as soon as reasonably practicable after completion of that disposal, execute any documents which are necessary to release that Guarantor from all liabilities under the Senior Finance Documents.

17.4 RELEASE OF SECURITY

If no Default is continuing (or if a Default is continuing the relevant disposal is being effected at the request of the Majority Lenders in circumstances where any of the security created by the Security Documents has become enforceable) and a Group Company disposes of any asset (including shares in any other Group Company which is not a Borrower) to a person outside (and which will remain

outside) the Group in accordance with this agreement, the Security Agent shall, on request of the Parent as soon as reasonably practicable after completion of that disposal, execute any documents necessary to release that asset from the security created in favour of the Security Agent by a Security Document.

18. REPRESENTATIONS AND WARRANTIES

18.1 RELIANCE

Each Obligor represents (in respect of itself and its Subsidiaries) and warrants as set out in the following provisions of this clause 18 (subject to matters expressly disclosed in the Disclosure Letter) and acknowledges that each Finance Party has entered into the Senior Finance Documents and has agreed to provide the Facilities in full reliance on those representations and warranties.

18.2 INCORPORATION

Each Group Company is duly incorporated (Except for those Group Companies which are sociétés en participation ("SEPs")) and validly existing with limited liability (except for those Group Companies which are Groupements d'Interets Economiques ("GIES")) under the laws of the place of its incorporation and, subject to specific rules applicable to SEPs and GIES, has the power to own its assets and carry on its business.

18.3 POWER AND CAPACITY

It has the power and capacity to enter into and comply with its obligations under each Transaction Document to which it is party.

18.4 AUTHORISATION

It has taken (or, where applicable, will take within the required time period) all necessary action:

- (a) to authorise the entry into and the compliance with its obligations under each Transaction Document to which it is party;
- (b) to ensure that its obligations under each Transaction Document are valid, legally binding and enforceable in accordance with their terms;
- (c) to make each Transaction Document to which it is party admissible in evidence in the courts of France other than certified translations of the Transaction Documents into French; and
- (d) to create the security constituted by each Security Document to which it is party and to ensure that that security has the ranking specified in that Security Document.

18.5 NO CONTRAVENTION

The entry into by any Group Company, the exercise of its rights under and the compliance with its obligations under and each Transaction Document to which it is party do not:

- (a) contravene any law, regulation, judgment or order to which any Group Company is subject (save that, for the purposes of Articles L.313-1 to L.313-3 of the French Consumer Code (Code de la Consommation), the Parent declares that it considers that the provisions of those Articles do not apply to the High Yield Bonds and the Intra-Group Bonds);
- (b) conflict with its constitutional documents;

- (c) breach any agreement or the terms of any consent binding upon any Group Company or any assets of any Group Company to an extent which could reasonably be expected to have a Material Adverse Effect; or
- (d) oblige any Group Company to create any security or result in the creation of any security over any assets of any Group Company, other than under the Security Documents.

18.6 OBLIGATIONS BINDING

The obligations expressed to be assumed by it under each Transaction Document to which it is a party constitute or when executed will constitute its valid and legally binding obligations and are enforceable in accordance with their terms and each of the Security Documents to which it is a party constitute valid security ranking in accordance with its terms (subject to any applicable insolvency, bankruptcy or similar laws affecting creditors' rights generally and save for qualifications as to matters of law contained in the legal opinions referred to in paragraph 2 of schedule 3).

18.7 CONSENTS

All consents and filings required for the conduct of its business as presently conducted and the entry into the Transaction Documents and the performance of its obligations thereunder have been obtained (or, where applicable, will be obtained within the required time period) and are in full force and effect.

18.8 NO DEFAULTS

- (a) No Default has occurred and is continuing.
- (b) No event is continuing which constitutes a default under any agreement or document to which any Group Company is party, the consequences of which could reasonably be expected to have a Material Adverse Effect.

18.9 LITIGATION

To the best of its knowledge and belief, having made due and careful enquiry, no dispute, litigation, arbitration or administrative proceeding is current or pending against any Group Company which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

18.10 ENVIRONMENT

- (a) Each Group Company is and has at all times taken such steps as are necessary to comply in all material respects with all Environmental Laws and all Environmental Approvals necessary in connection with the ownership and operation of its business have been obtained and are in full force and effect.
- (b) To the best of its knowledge and belief having made due and careful enquiry, there are no circumstances which could reasonably be expected to prevent any Group Company from complying in all material respects with any Environmental Law or Environmental Approval
- (c) No material investment of which the relevant Group Company is aware and which is necessary to obtain, renew, extend, modify, revoke, suspend or surrender any Environmental Approval or to ensure compliance with any Environmental Law has not been budgeted for.
- (d) To the best of its knowledge and belief having made due and careful enquiry, no Group Company is aware of any actual changes or other possible changes (which are referred to in

national, international or European bodies' or other regulatory bodies' consultation papers or in other formal methods of announcing possible changes) in Environmental Law which could reasonably be expected to have a Material Adverse Effect.

18.11 OWNERSHIP OF ASSETS

Each Group Company has good title to all assets necessary to conduct its business.

18.12 ACCOUNTS

- (a) The Original Audited Accounts were prepared in accordance with French gaap consistently applied and fairly represent the consolidated financial position (as at the date to which they were prepared) of and the results of the operations of, the Group for the period to which they relate and the state of the affairs of the Group (as the case may be) at the end of the relevant period and, in particular, disclose or reserve against all liabilities (actual or contingent).
- (b) The Original Management Accounts show with reasonable accuracy the consolidated financial position of the Group as at the date to which they were prepared and the results of the operations of the Group for the period to which they relate and the state of the affairs of the Group at the end of such period and, in particular, disclose or reserve against all liabilities (actual or contingent).
- (c) The latest Annual Accounts and the latest Half-Year Accounts delivered from time to time under clause 19.10(c) (Financial statements) were prepared in accordance with French gaap consistently applied and, in the case of:
 - (i) the latest Annual Accounts, fairly represent the consolidated financial position of the Group as at the date to which they were prepared and the results of the operations of the Group for the period to which they related and the state of the affairs of the Group at the end of that period and, in particular, disclose or reserve against all liabilities (actual or contingent); and
 - (ii) the latest Half-Year Accounts show with reasonable accuracy the consolidated financial position of the Group as at the date to which they were prepared and the results of the operations of the Group for the period to which they related and, in particular, disclose or reserve against all liabilities (actual or contingent) to the extent required by the Approved Accounting Principles.

18.13 APPROVED PROJECTIONS

- (a) All statements of fact (taken as a whole) in principle recorded in the Approved Projections are true and accurate in all material respects.
- (b) The opinions and views expressed in the Approved Projections represent the honestly held opinions and views of the Senior Management Team and were arrived at after careful consideration and are based on reasonable grounds.
- (c) The projections and forecasts contained in the Approved Projections are based upon assumptions (including assumptions as to the future performance of the Group, inflation, price increases, interest rates and efficiency gains) which have been carefully considered by the directors of the Parent and which are considered by them to be fair and reasonable in each case as at the date which the relevant fact, opinion, view, projection or forecast was provided or as at the date at which it is stated.

- (d) The Approved Projections are not misleading in any material respect and do not omit to disclose any matter where failure to disclose such matter would result in the Approved Projections (or any information or business plan contained therein) to be misleading in any material respect for any person considering whether to provide finance to the Obligor.
- (e) Nothing has occurred or come to the attention of the Parent since the date as at which the Approved Projections were prepared which renders any material facts contained in the Approved Projections materially inaccurate or misleading or which makes any of the opinions, projections or forecasts contained in the Approved Projections unfair or unreasonable or renders any of the assumptions on which the projections are based unfair or unreasonable.

18.14 HIGH YIELD DOCUMENTS

The High Yield Documents and the Intra-Group Bond Documents as provided to the Facility Agent under this agreement contain all the material terms of the agreements and arrangements pertaining to the transactions contemplated therein.

18.15 FINCO

Finco:

- (a) is a direct, wholly-owned Subsidiary of the Parent (save for one share held by Antargaz); and
- (b) has not carried on any business or incurred any liabilities, other than by entering into and performing the High Yield Documents and Intra-Group Bond Documents to which it is a party.

18.16 MATERIAL ADVERSE EFFECT

As at the Signing Date and the first Drawdown Date, there has been no event which has had a Material Adverse Effect since the date to which the Original Management Accounts were prepared.

18.17 MATERIAL DISCLOSURES

It has fully disclosed in writing to the Facility Agent all facts of which it is aware having made due and careful enquiry relating to the Group which it knows could reasonably be expected to materially influence the decision of the Lenders to make the Facilities available to the Obligor.

18.18 HOLDING COMPANY

The Parent is a holding company and it has not carried on any business or incurred any liabilities other than by entering into or under the Transaction Documents (including auditors fees and expenses) and certain trading activities in the LPG business.

18.19 SYNDICATION MEMORANDUM

The Syndication Memorandum is not misleading in any material respect and has been read and approved by the Senior Management Team.

18.20 REPETITION

The representations and warranties in this clause 18 are made on the date of this agreement and shall be deemed repeated on, the date of each Drawdown Request and on each Drawdown Date (other than

in the case of a Rollover Advance), in each case by reference to the facts and circumstances existing on that date, except that:

- (a) the representations and warranties set out in clauses 18.9 (Litigation), 18.13 (Approved Projections), 18.16 (Material Adverse Effect), 18.17 (Material disclosures) and 18.18 (Holding Company) shall not be repeated after the first Drawdown Date;
- (b) the representations and warranties set out in clauses 18.11 (Ownership of assets), 18.13 (Approved Projections), 18.15 (Finco), and 18.18 (Holding Company) shall only be made by the Parent; and
- (c) the representation and warranty set out in clause 18.19 (Syndication Memorandum) shall only be made on the date of the Syndication Memorandum.

19. UNDERTAKINGS

19.1 DURATION OF UNDERTAKINGS

Each Obligor undertakes to each Finance Party in the terms of this clause 19 from the date of this agreement until all amounts outstanding under the Senior Finance Documents have been discharged and no Finance Party has any further Commitment or obligations under the Senior Finance Documents.

19.2 AUTHORISATIONS AND STATUS UNDERTAKINGS

(a) CONSENTS

Each Obligor will obtain within the required time period and maintain in full force and effect all consents and filings required under any applicable law or regulation:

- (i) to enable it to perform its payment and other material obligations under each Transaction Document to which it is a party;
- (ii) for the validity, enforceability or admissibility in evidence (other than certified translations of the Transaction Documents into French) of each such Transaction Document; and
- (iii) to ensure that its obligations under the Transaction Documents are legal, valid and binding and each of the Security Documents constitutes valid security ranking in accordance with its terms.

(b) MAINTENANCE OF STATUS AND AUTHORISATION

Each Obligor will, and will procure that each of its Subsidiaries will:

- (i) do all things necessary to maintain its corporate existence;
- (ii) obtain and maintain in full force and effect all consents and filings required for the conduct of its business; and
- (iii) comply with all laws and regulations applicable to it,

where failure to do so could reasonably be expected to materially impair its ability to perform its obligations under the Senior Finance Documents.

(c) AMALGAMATIONS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, amalgamate, merge or consolidate with or into any other person or be the subject of any reconstruction, except for any amalgamation, merger, consolidation or reconstruction:

- (i) of two or more Group Companies which are not Obligors or Finco;
- (ii) of two or more Group Companies involving any Obligor but not the Parent or Finco (provided that such amalgamation, merger, consolidation or reconstruction does not adversely affect the economic and legal effect of the guarantee and security position of the Finance Parties under the relevant Senior Finance Documents prior thereto); or
- (iii) otherwise with the prior written consent of the Majority Lenders.

(d) CHANGE OF BUSINESS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, make a material change to the nature of its core business.

(e) SUBSIDIARY CONSTITUTIONAL DOCUMENTS

No Obligor (other than the Parent) will, and each Obligor will procure that none of its Subsidiaries will, agree to any amendment of its constitutional documents which could reasonably be expected to be materially adverse to the interests of any Finance Party under any Senior Finance Document (excluding, for the avoidance of doubt, any amendment in connection with any transaction permitted under clause 19.9 (Share capital, dividend and other junior financing arrangement undertakings)).

(f) HOLDING COMPANY STATUS

The Parent shall not carry on any business other than the holding of shares in and the provision of administrative services to other Group Companies or acquire any assets (other than pursuant to any Supply Agreement entered into by it after the date of this agreement) or certain trading activities in the LPG business.

(g) FINCO STATUS

Finco will remain a direct, wholly-owned Subsidiary of the Parent (except as to one share, which will be owned by Antargaz) and shall not carry on any business or hold any assets other than the holding of the Intra-Group Bonds and the carrying out of obligations under the High Yield Documents and Intra-Group Bond Documents to which it is a party (subject in each case to the provisions of the Senior Finance Documents).

(h) PARI PASSU RANKING

Each Obligor shall ensure that the claims of the Finance Parties under the Senior Finance Documents will at all times rank at least pari passu in right and priority of payment with the claims of all its other present and future unsecured and unsubordinated creditors except those whose claims are preferred solely by operation of law.

(i) CONSENTS TO PLEDGES

The Parent shall do its best efforts to obtain the consent of the board of Societe Bearnaise des Gaz Liquefies (Sobegal) SA and of the shareholders' meetings of Societe Industrielle des Gaz de Petrole de l'Ouest (S.I.G.A.P. Ouest) SARL to the pledges relating to the shares of these companies within the four months following the first Drawdown Date.

19.3 DISPOSALS AND SECURITY UNDERTAKINGS

(a) DISPOSALS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, (whether by a single transaction or a series of related or unrelated transactions and whether at the same time or over a period of time) sell, transfer, lease out or otherwise dispose (each a "DISPOSAL") of any of its assets or agree to do so, other than:

- (i) any disposal of assets on arm's length terms in the ordinary course of business;
- (ii) any inventory disposal by any Group Company in the ordinary course of trading;
- (iii) any disposal of obsolete or redundant plant and equipment, or of property not required for the operation of its business;
- (iv) any disposal of assets to an Obligor which is party to a legally valid, binding and enforceable Security Document which creates a valid and effective Security Interest over the asset securing all or substantially all amounts outstanding under the Senior Finance Documents;
- (v) any disposal of Cash Equivalents on arm's length terms;
- (vi) any disposal of assets by a Group Company (other than an Obligor) to another Group Company (other than Finco);
- (vii) disposals (other than to Finco) of assets on arm's length terms not otherwise permitted under this clause 19.3;
- (viii) the exchange of assets (the "TRANSFERRED ASSETS") for other assets of a comparable or superior nature and value (the "RECEIVED ASSETS"), provided that, if the Transferred Assets were subject to a Security Interest in favour of the Finance Parties, then a Security Interest in favour of the Finance Parties (and acceptable in form, nature and substance to the Security Agent) shall be granted by the relevant Group Company over the Received Assets; and
- (ix) any other disposal made with the prior consent of the Majority Lenders,
provided always that no disposal may be made of any shares in:
 - (A) any Distribution Company which would result in the Parent owning (directly or indirectly) less than 95 per cent. of the equity share capital in that Distribution Company; or
 - (B) any Material Company (other than a Distribution Company).

(b) DISPOSALS FOR FULL CONSIDERATION

Each Obligor will, and each Obligor will, procure that its Subsidiaries will, ensure that any disposal permitted by clause 19.3(a) is:

- (i) for at least the higher of book value and market value payable in cash on or before completion of that disposal; and
- (ii) as part of an arm's length transaction on terms that the purchaser of the relevant asset does not obtain title to or possession of that asset before completion of that disposal.

(c) NEGATIVE PLEDGE

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, create or agree to create or permit to subsist any Security Interest over any part of its assets, other than:

- (i) any Security Interest existing at the date of this agreement, provided that the maximum amount secured by any such Security Interest shall not be increased after the date of this agreement;
- (ii) any Security Interest granted by the Senior Finance Documents;
- (iii) liens securing obligations no more than 30 days overdue, arising by operation of law and in the ordinary course of business;
- (iv) Security Interests arising out of title retention provisions in a supplier's standard conditions of supply of goods where the goods in question are supplied on credit and are acquired by relevant Group Company in the ordinary course of trading;
- (v) rights of set-off existing in the ordinary course of trading activities between any Group Company and its respective suppliers or customers;
- (vi) rights of set-off arising by operation of law or by contract by virtue of the provision to any Group Company of clearing bank facilities or overdraft facilities permitted under this agreement;
- (vii) Security Interests up to a maximum aggregate amount of EUR 1,525,000 (or its equivalent in other currencies) for taxes, assessments or charges (A) not yet due or (B) that are being contested in good faith;
- (viii) liens in favour of French tax authorities securing the liabilities of any Group Company under tax reassessments in respect of French professional tax (taxe professionnelle), to the extent that such liabilities are fully guaranteed by the Vendors under the provisions of the Warranty Agreement;
- (ix) Security Interests created in connection with pre-judgment court proceedings up to a maximum aggregate amount not exceeding EUR 1,525,000 (or its equivalent in other currencies);
- (x) any Security Interests not otherwise permitted under this clause 19.3(c) created by any Subsidiary of Antargaz and securing Financial Indebtedness (other than any such Financial Indebtedness arising under or in connection with the High Yield Documents or the Intra-Group Bond Documents) in an aggregate principal amount not exceeding EUR 1,500,000 (or its equivalent in other currencies);

- (xi) any Security Interest created by any Partly Owned Storage and Logistics Company in respect of which, pursuant to the shareholder agreement or constitutional documents relating to that Partly Owned Storage and Logistics Company, the Group Company which holds a direct equity interest in that Partly Owned Storage and Logistics Company is not entitled to prohibit the creation of that Security Interest; and
- (xii) any other Security Interest created with the prior written consent of the Majority Lenders.

(d) DE-REGISTRATION OF EXISTING PLEDGES OF BUSINESSES

The Parent and Antargaz shall procure that the existing pledges of businesses (nantissements de fonds de commerce) relating to the businesses of the Parent and Antargaz, respectively, and securing the Existing Facilities shall have been de-registered (radies) before the end of a 4 month period following the first Drawdown Date and shall provide evidence of such de-registration to the Facility Agent within the same period.

19.4 ACQUISITION AND INVESTMENT UNDERTAKINGS

(a) ACQUISITIONS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, acquire any assets or shares, other than:

(i) in the ordinary course of its trading activity;

(ii) any Permitted Acquisition, provided that:

(A) the Parent demonstrates to the satisfaction of the Facility Agent that the Permitted Acquisition is funded entirely out of:

(1) a New Equity Contribution; and/or

(2) Cash and Cash Equivalents owned by Group Companies;

(B) in respect of any individual Permitted Acquisition where the aggregate of the purchase price paid, or to be paid, for the shares or assets comprised in that Permitted Acquisition plus the total net debt assumed or repaid, or to be assumed or repaid, in connection with that Permitted Acquisition (together, the "ENTERPRISE VALUE") does not exceed EUR 15,000,000 (or its equivalent in other currencies), the Parent has provided the Facility Agent with revised financial projections and forecasts for the business of the Group incorporating that Permitted Acquisition no later than 10 Business Days prior to the date of that Permitted Acquisition;

(C) in respect of any individual Permitted Acquisition where the enterprise value of that Permitted Acquisition exceeds EUR 15,000,000 (or its equivalent in other currencies), the Parent has provided the Facility Agent with revised financial projections and forecasts for the business of the Group incorporating that Permitted Acquisition and a legal and accounting due diligence report, in each case in form and substance satisfactory to the Majority Lenders, no later than 30 days prior to the date of that Permitted Acquisition; and

(D) the aggregate enterprise values of all Permitted Acquisitions after the Signing Date does not exceed EUR 60,000,000 (or its equivalent in other currencies); and

(iii) (subject to clause 19.3(a) (Disposals)), shares owned by it or any other Group Company in any other Group Company as at the Signing Date.

(b) JOINT VENTURES

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, enter into any Joint Venture or invest any amount (whether by way of loan, subscription for share capital, incurrence of any liabilities or otherwise) in any Joint Venture, other than:

(i) an investment by a Group Company (other than the Parent or Finco) in Groupement Donges or any Joint Venture to which it is a party at the date of this agreement (an "EXISTING JOINT VENTURE") provided that investment is:

(A) expressly permitted under clause 19.5 (Financing arrangement undertakings); or

(B) made by way of equity contribution and/or shareholders' loans (provided that the aggregate amount of all such equity contributions and outstanding loans pursuant to clause 19.5(c)(ii)(A) (Loans) shall not exceed EUR 22,875,000 (or its equivalent in other currencies) at any time);

(ii) an investment by a Group Company (other than the Parent or Finco) in any Joint Venture (other than any existing Joint Venture) where:

(A) the liability of that Group Company in respect of that Joint Venture is limited to the aggregate amount invested by that Group Company in that Joint Venture;

(B) any investment in that Joint Venture is made by way of equity subscription or shareholder loan; and

(C) the aggregate Investment Amount invested in all Joint Ventures under this sub-paragraph (ii) in any Financial Year does not exceed EUR 10,000,000 (or its equivalent in other currencies).

19.5 FINANCING ARRANGEMENT UNDERTAKINGS

(a) BORROWINGS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, incur or permit to be outstanding any Financial Indebtedness, other than:

(i) any Financial Indebtedness of Rhone Gaz existing at the Signing Date;

(ii) amounts due under any Senior Finance Document, the High Yield Notes, the IntraGroup Bonds or in respect of a Private Equity Contribution;

(iii) Financial Indebtedness permitted by clauses 19.5(b) (Guarantees), 19.5(c) (Loans), 19.5(d) (Hedging) or 19.5(e) (Banking business);

- (iv) unsecured overdraft or working capital facilities of any Group Company (other than Finco) in relation to which a Bank Guarantee in an amount equal to the maximum principal amount of those facilities has been issued;
- (v) loans arising by operation of law (including labour and tax regulations);
- (vi) any Financial Indebtedness of any Group Company (other than Finco) in an aggregate principal amount which does not exceed EUR 25,000,000 (or its equivalent in other currencies) at any time;
- (vii) any Financial Indebtedness created by any Partly Owned Storage and Logistics Company with a third party in respect of which, pursuant to the shareholder agreement or constitutional documents relating to that Partly Owned Storage and Logistics Company, the Group Company (the "INVESTING GROUP COMPANY") which holds a direct equity interest in that Partly Owned Storage and Logistics Company is not entitled to prohibit the creation of that Financial Indebtedness, provided that the aggregate amount of Financial Indebtedness ("THIRD PARTY INDEBTEDNESS") created pursuant to this sub-paragraph (vii) by Partly Owned Storage and Logistics Companies where any investing Group Company is liable for the debts of that Partly Owned Storage and Logistics Company does not exceed EUR 10,000,000 (or its equivalent in other currencies) at any time;
- (viii) bank guarantees (cautions bancaires) issued to French tax authorities to secure the liabilities of any Group Company under tax reassessments in respect of French professional tax (taxe professionnelle), to the extent that such liabilities are fully guaranteed by the Vendors under the provisions of the Warranty Agreement; and
- (ix) any other Financial Indebtedness incurred with the prior consent of the Majority Lenders.

(b) GUARANTEES

No Obligor will, and each Obligor will procure that none of its Subsidiaries will grant or make available any guarantee, other than:

- (i) any guarantee existing on the date of this agreement, provided that the maximum amount guaranteed by any such guarantee shall not be increased after the date of this agreement;
- (ii) any guarantee contained in any Senior Finance Document (or the High Yield Guarantee);
- (iii) any guarantee of Financial Indebtedness which is otherwise permitted under clause 19.5(a) (Borrowings) (other than any such Financial Indebtedness arising under or in connection with the High Yield Documents or the Intra-Group Bond Documents); and
- (iv) any other guarantees given by a Group Company (other than Finco) in the ordinary course of its (or any of its Subsidiaries') business in respect of its obligations or the obligations of any of its Subsidiaries (other than Finco) provided that such obligations do not have the nature of Financial Indebtedness and that the aggregate maximum contingent liability under all such guarantees does not exceed EUR 50,000,000 (or its equivalent in other currencies) at any time.

(c) LOANS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, make any loans or grant any credit to any person, other than:

- (i) credit granted by any Group Company (other than Finco) in the ordinary course of its trading activities;
- (ii) any loan made by a Group Company (the "LENDING GROUP COMPANY") to any other Group Company (the "BORROWING GROUP COMPANY") (in each case, other than Finco), provided that:
 - (A) the aggregate amount of outstanding loans made by Obligors to Group Companies which are not Obligors (together with the aggregate amount of equity contributions and/or shareholders' loans made pursuant to clause 19.4(b)(i) (Joint Ventures) but excluding for the avoidance of doubt any equity contributions made pursuant to clause 19.4(b)(ii) (Joint Ventures)) shall at no time exceed EUR 22,875,000 (or its equivalent in other currencies); and
 - (B) if the lending Group Company is a Borrower under the Revolving Facility, that lending Group Company grants to the Finance Parties an assignment (cession) of the benefit of that intercompany loan by way of security (pursuant to the Loi Dailly);
- (iii) any loan or grant of credit to employees of the Group (to the extent permissible under applicable law) provided that the maximum aggregate principal amount of all such loans shall not exceed EUR 2,300,000 (or its equivalent in other currencies) for the Group taken as a whole;
- (iv) the Intra-Group Bonds; and
- (v) any other loan or grant of credit granted with the prior consent of the Majority Lenders.

(d) HEDGING

- (i) No Obligor will, and each Obligor will procure that none of its Subsidiaries will, enter into any Derivative Instrument other than (A) the Hedging Agreements referred to in sub-paragraph (ii) below and (B) Derivative Instruments entered into by any Group Company (other than Finco) in the ordinary course of its business for the purpose of managing or hedging its exposure to interest rates, exchange rates or commodity prices (but excluding speculative purposes).
- (ii) The Obligors will, by no later than 120 days after the Signing Date, enter into Hedging Agreements with Hedging Lenders (and/or maintain any existing derivative instruments) so as to ensure that, for a period of at least two years from the Signing Date, the Group has hedging of interest rate exposure on terms satisfactory to the Facility Agent in relation to at least 50 per cent. of the amount of funds available under the Term Facility.
- (iii) The parties shall agree to use standard ISDA agreements as Hedging Agreements.

(e) BANKING BUSINESS

Each Obligor will, and will procure that each of its Subsidiaries will:

- (i) only maintain bank accounts with:
 - (A) those banks with which they hold accounts at the date of this agreement;
 - (B) banks which are approved by the Facility Agent (such approval not to be unreasonably withheld or delayed); or
 - (C) any Finance Party; and
- (ii) save for facilities provided under the terms of the Senior Finance Documents, only carry on banking business with and (subject to clause 19.5(a) (Borrowings)) obtain unsecured overdraft and working capital facilities from banks approved by the Facility Agent (such approval not to be unreasonably withheld or delayed).

19.6 CONDUCT OF BUSINESS UNDERTAKINGS

(a) INSURANCE

- (i) Each Obligor will, and will procure that each of its Subsidiaries will effect and thereafter maintain insurances at its own expense in relation to all its assets and risks of an insurable nature with reputable insurers which:
 - (A) provide cover against such risks, and to such extent, as normally insured against by other companies owning or possessing similar assets or carrying on similar businesses; and
 - (B) shall be in amounts which would in the circumstances be prudent for those companies.
- (ii) The Parent will:
 - (A) supply to the Facility Agent on request copies of each policy for insurance required to be maintained in accordance with clause 19.6(a)(i) or (ii) (the "POLICIES"), together with the current premium receipts relating to the policies;
 - (B) as soon as reasonably practicable, notify the Facility Agent of any material change to the insurance cover of each Obligor and each Obligor's subsidiaries; and
 - (C) as soon as reasonably practicable, notify the Facility Agent of any claim under any policy which is for, or is reasonably likely to result in a claim under that policy for, an amount in excess of EUR 775,000 (or its equivalent in other currencies).

(b) INTELLECTUAL PROPERTY

Each Obligor will, and will procure that each of its Subsidiaries will:

- (i) ensure that it beneficially owns or has all necessary consents to use all the Intellectual Property Rights that it requires in order to conduct its business;
- (ii) observe and comply with all obligations and laws applicable to it in relation to the Intellectual Property;
- (iii) maintain and protect the Intellectual Property required for the operation of its business; and
- (iv) comply at all times with the Sale and Purchase Agreement and in particular the provisions of clause 5 of the Sale and Purchase Agreement (Droits de Propriete Intellectuelle et Signes Distinctifs/Relations Commerciales),

in each case where not doing so could reasonably be expected to prejudice the interests of the Finance Parties under the Senior Finance Documents.

(c) TAXES

Each Obligor will, and will procure that each of its Subsidiaries will, pay when due (or within any applicable time limit), all Taxes imposed upon it or any of its assets, income or profits on any transactions undertaken or entered into by it except in relation to any bona fide tax dispute (for which, if applicable, provision has been made in its accounts).

(d) ARM'S LENGTH TRANSACTIONS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, enter into any agreement or arrangement other than on an arm's length basis.

(e) RING FENCING OF FINCO

Notwithstanding any other provision of this agreement, no Obligor will (and each Obligor will procure that none of its Subsidiaries will):

- (i) make any loan to or grant any financial accommodation to Finco;
- (ii) pay any interest, principal or any other amount to, or otherwise transfer monies to Finco whatsoever (except pursuant to the High Yield Documents and the Intra-Group Bond Documents to the extent permitted by the Intercreditor Agreement);
- (iii) grant any guarantee (except the High Yield Guarantee) or Security Interest or enter into any participation or purchase arrangements in relation to any obligation of Finco;
- (iv) sell, transfer, lease out, lend or otherwise dispose of any asset to Finco,

save in each case as expressly permitted under the Intercreditor Agreement.

19.7 ENVIRONMENTAL UNDERTAKINGS

Each Obligor will, and each Obligor will procure that each of its Subsidiaries will:

- (a) comply in all material respects with all Environmental Approvals and Environmental Laws applicable to it;
- (b) obtain and maintain to the satisfaction of all relevant regulatory bodies all Environmental Approvals applicable to it;
- (c) promptly upon receipt of the same notify the Facility Agent of any claim, notice or other communication served on it in relation to any Environmental Law or Environmental Approval applicable to it or if it becomes aware of any actual material variation to any Environmental Law or Environmental Approval;
- (d) promptly notify the Facility Agent of any material investment required to be made by any Group Company to maintain, acquire, renew, modify, amend, surrender or revoke any Environmental Approval or if it otherwise becomes aware of such a requirement; and
- (e) use all reasonable precautions to avoid actions which may give rise to a material liability under Environmental Law.

19.8 TRANSACTION DOCUMENT UNDERTAKINGS

(a) CHANGES TO ACQUISITION DOCUMENTS AND MATERIAL CONTRACTS

The Parent will not, and will procure that none of its Subsidiaries will:

- (i) agree to any amendment or waiver of any term of any Acquisition Document or Material Contract; or
- (ii) exercise any discretion or give any consent under any Acquisition Document or Material Contract,

in each case which could reasonably be expected to prejudice the interests of the Finance Parties under the Senior Finance Documents.

(b) CLAIMS UNDER ACQUISITION DOCUMENTS AND MATERIAL CONTRACTS

The Parent will, and will use its best efforts to procure that each of its Subsidiaries will:

- (i) take all reasonable action to enforce any claim it has in relation to the warranties given under any Acquisition Document and to enforce all other material rights it may have under any Acquisition Document or Material Contract;
- (ii) notify the Facility Agent promptly of any material indemnification request made by a Group Company under an Acquisition Document or any material claim made by a Group Company under Material Contract;
- (iii) provide the Facility Agent with reasonable details of that claim and its progress; and
- (iv) notify the Facility Agent as soon as practicable upon that claim being resolved,

in each case where failure to do so could reasonably be expected to prejudice the interests of the Finance Parties under the Senior Finance Documents.

(c) CHANGES TO EQUITY DOCUMENTS

The Parent will not, and will procure that none of its Subsidiaries will, agree to any amendment of any term of any Equity Document which could reasonably be expected to adversely affect the interests of any Finance Party under the Senior Finance Documents.

(d) CHANGES TO THE HIGH YIELD DOCUMENTS AND INTRA-GROUP BOND DOCUMENTS

The Parent will not, and will procure that Finco will not agree to any amendment of the High Yield Documents or Intra-Group Bond Documents which would conflict with any provision of the Intercreditor Agreement.

19.9 SHARE CAPITAL, DIVIDEND AND OTHER JUNIOR FINANCING ARRANGEMENT UNDERTAKINGS

(a) SHARE ISSUES

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, allot or issue any securities (valeurs mobilières) other than:

- (i) an issue of shares by one Group Company (other than Finco) to another Group Company (other than Finco) allowing, in the case of non wholly-owned members of the Group, for proportionate issues to minority shareholders;
- (ii) an issue of shares by one Group Company (other than Finco) to any Group pension scheme or employee incentive scheme;
- (iii) any issue of shares in the Parent for the purposes of a Private Equity Contribution; or
- (iv) any issue of shares with the prior consent of the Majority Lenders.

(b) REDEMPTION AND ACQUISITION OF OWN SHARES

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, directly or indirectly redeem, purchase, retire or otherwise acquire any shares or warrants issued by it or otherwise reduce its capital, other than:

- (i) in favour of an Obligor;
- (ii) where it is obliged to do so by law;
- (iii) as permitted under clause 19.9(c)(ii) (Restriction on payment of dividends);
- (iv) as permitted under the Intercreditor Agreement; or
- (v) a reduction of capital of the Parent in the maximum of EUR 25,000,000 to be made on or before the first Drawdown Date.

(c) RESTRICTION ON PAYMENT OF DIVIDENDS

- (i) No Obligor will, and each Obligor will procure that none of its Subsidiaries will, declare or pay, directly or indirectly, any dividend or make any other distribution or

pay any interest or other amounts, whether in cash or otherwise, on or in respect of its share capital or any class of its share capital or set apart any sum for any such purpose other than:

- (A) by a Group Company to the Parent or another Group Company which is a Subsidiary of the Parent;
 - (B) with the prior consent of the Majority Lenders;
 - (C) as permitted under paragraph (ii) of this clause 19.9(c); or
 - (D) as permitted under the Intercreditor Agreement.
- (ii) Notwithstanding the provisions of paragraph (i) of this clause 19.9(c), the provisions of clause 19.9(b) (Redemption and acquisition of own shares) and the provisions of clause 19.9(d) (Shareholder payments), the Parent may (x) redeem, purchase, retire or otherwise acquire any shares or warrants issued by it or otherwise reduce its capital or (y) declare or pay any dividend or make any other distribution or pay any interest or other amounts, whether in cash or otherwise, on or in respect of its share capital or any class of its share capital or set apart any sum for any such purpose or (z) make any repayment of principal of, or payment of interest on, or any other payment with respect to any shareholder investment by way of indebtedness in the Parent (each such transaction described in (x), (y) and (z) above being referred to as a "RESTRICTED PAYMENT") if at the time the Parent makes any such Restricted Payment:
- (A) no Major Default (as defined below) shall have occurred and be continuing (or would result therefrom);
 - (B) the aggregate amount of such Restricted Payment and all other Restricted Payments made in any Financial Year is not greater than 50 per cent. of the Consolidated Net Income for the immediately preceding Financial Year;
 - (C) such Restricted Payment is legally permitted;
 - (D) such Restricted Payment is not prohibited by the provisions of sub-paragraph (B)(1) of the definition of "Permitted Controlling Investors" in paragraph (iii) of clause 11.3(b) (Sale, Change of Control and Listing); and
 - (E) such Restricted Payment is not suspended by the Intercreditor Agreement.

For the avoidance of doubt, the reduction of capital of the Parent referred to in paragraph (v) of clause 19.9(b) (Redemption and acquisition of own shares) shall not be a Restricted Payment for the purpose of this clause 19.9(c)(ii).

For the purposes of this clause 19.9(c)(ii):

"CONSOLIDATED NET INCOME" means, for any period, the net income (loss) of the Group determined in accordance with French gaap and Approved Accounting Principles, provided that the following items will not be included in the Consolidated Net Income: (1) amortisation of goodwill, (2) depreciation of assets that have been revaluated in connection with the Acquisition, and (3) to the extent reflected in the consolidated net income, the effect of any non-cash items resulting from any write-up, write-down or write-off of assets of the Group in connection with the Acquisition or any future acquisition; and

"MAJOR DEFAULT" means:

- (1) the failure by any Obligor to pay any amount payable by it under any Senior Finance Document on the due date for payment thereof;
- (2) any of the obligations of the Obligors under clause 19.11 (Financial covenants) is not complied with;
- (3) the occurrence of any of the Events of Default specified in clause 20.1(d)(Invalidity and unlawfulness);
- (4) the occurrence of any of the Events of Default specified in clauses 20.1(e) (Insolvency) to 20.1(k) (Similar events elsewhere);
- (5) the occurrence of any of the Events of Default specified in clause 20.1(o) (Cross Default);
- (6) the occurrence of any of the Events of Default specified in clause 20.1(v) (Material adverse effect); or
- (7) a notice to the Parent is outstanding under clause 20.2 (Cancellation and repayment).

(d) SHAREHOLDER PAYMENTS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, make any repayment of principal of, or payment of interest on, or any other payment with respect to any shareholder investment by way of indebtedness in the Parent, other than:

- (i) as permitted under clause 19.9(c)(ii) (Restriction on payment of dividends); or
- (ii) with the prior consent of the Majority Lenders.

(e) PAYMENTS TO MEMBERS

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, make any payment to its members by way of management, royalty or similar fee unless that payment is in relation to services actually provided on arm's length commercial terms or is otherwise permitted under the Senior Finance Documents.

(f) CASH MOVEMENT

No Obligor will, and each Obligor will procure that none of its Subsidiaries will, be a party to any contractual or similar restriction (except as set out in any Senior Finance Document, any High Yield Document or any Intra-Group Bond Document) by which any Group Company is prohibited from making loans, transferring assets or making any payment of dividends, distributions of income or other amounts.

(g) INTRA-GROUP BOND DOCUMENTS AND HIGH YIELD DOCUMENTS

No Obligor will, and each Obligor will ensure that none of its Subsidiaries will, make any repayment of principal or payment of interest or of any amount under any of the High Yield

Documents and Intra-Group Bond Documents, other than as permitted under the Intercreditor Agreement.

19.10 INFORMATION AND ACCOUNTING UNDERTAKINGS

(a) DEFAULTS

Each Obligor will notify the Facility Agent forthwith upon becoming aware of the occurrence of a Default and will from time to time on request (with a reasonable period between requests) supply the Facility Agent with a certificate signed by its mandataire social certifying that no Default has occurred and is continuing or, if that is not the case, setting out details of any Default which is outstanding and the action taken or proposed to be taken to remedy it.

(b) BOOKS OF ACCOUNT AND AUDITORS

Each Obligor will, and will procure that each of its Subsidiaries will:

- (i) keep proper books of account relating to its business; and
- (ii) have as its auditors any one of Deloitte & Touche, Ernst & Young, KPMG, PricewaterhouseCoopers, Mazars, RSM Salustro Reydel or Grant Thornton (or such other firm as the Facility Agent shall approve (such approval not to be unreasonably withheld or delayed)) (except in the case of a Partly Owned Storage and Logistics Company which, as at the Signing Date, has a different firm of auditors and, pursuant to the shareholder agreement or constitutional documents relating to that Partly Owned Storage and Logistics Company, the Group Company which holds a direct equity interest in that Partly Owned Storage and Logistics Company is not entitled to procure a change of those existing auditors).

(c) FINANCIAL STATEMENTS

The Parent will deliver to the Facility Agent (with sufficient copies for each of the Lenders if requested):

- (i) as soon as available, and in any event within 120 days after the end of each Financial Year (and at the latest on 15 July 2003 in respect of the Financial Year ending on 31 March 2003), copies of:
 - (A) the audited consolidated accounts of the Group as at the end of and for that Financial Year, including a profit and loss account, balance sheet, cash flow statement and directors and auditors' report on those accounts; and
 - (B) the audited accounts of each Obligor for that Financial Year;
- (ii) as soon as available, and in any event within 60 days of the end of the first Accounting Half-Year in each Financial Year, copies of the unaudited consolidated management accounts of the Group as at the end of and for that Accounting Half-Year, including, both for the 6 month period comprising such Accounting Half-Year and for the aggregate 12 month period comprising such Accounting Half-Year and the immediately preceding Accounting Half-Year, a profit and loss account, balance sheet, cash flow statement and management commentary for the Group, in such form as the Facility Agent may reasonably require;

(iii) no less than ten days before the beginning of each Financial Year, the Operating Budget for that Financial Year, in such form as the Facility Agent may reasonably require,

which accounts, Operating Budget and update to the Operating Budget shall, in each case, have been approved by the chief financial officer of the Parent.

(d) COMPLIANCE CERTIFICATES

- (i) Each of the Annual Accounts and Half-Year Accounts must be accompanied by a certificate signed by the chief financial officer and (in the case of the Annual Accounts only) the mandataire social of the Parent, which shall:
- (A) certify whether or not, as at the date of the relevant accounts, the Parent was in compliance with the financial covenants contained in clause 19.11 (Financial covenants) and contain reasonably detailed calculations; and
 - (B) confirm that, as at the date of that certificate, no Event of Default is outstanding and, to best of knowledge after due and careful inquiry, no Potential Event of Default is outstanding.
- (ii) Each of the Annual Accounts must be accompanied by a certificate from the Auditors which shall be in a form substantially in schedule 7.

(e) APPROVED ACCOUNTING PRINCIPLES

All accounts of any Group Company delivered to the Facility Agent under this agreement shall be prepared in accordance with the Approved Accounting Principles. If there is a change in the Approved Accounting Principles after the date of this agreement:

- (i) the Parent shall as soon as practicable advise the Facility Agent;
- (ii) following request by the Facility Agent, the Parent and the Facility Agent shall negotiate in good faith with a view to agreeing any amendments to clauses 19.11 (Financial covenants) and 19.12 (Financial definitions) which are necessary to give the Lenders comparable protection to that contemplated by those clauses at the date of this agreement;
- (iii) if amendments satisfactory to the Majority Lenders are agreed by the Parent and the Facility Agent within 30 days of that notification to the Facility Agent, those amendments shall take effect in accordance with the terms of that agreement; and
- (iv) if amendments satisfactory to the Majority Lenders are not so agreed within 30 days then, within 15 days after the end of that 30 day period, the Parent shall either:
 - (A) deliver to the Facility Agent, in reasonable detail and in a form satisfactory to the Facility Agent, details of all any adjustments which need to be made to the relevant accounts in order to bring them into line with the Approved Accounting Principles as at the date of this agreement; or
 - (B) ensure that the relevant accounts are prepared in accordance with the Approved Accounting Principles as at the date of this agreement.

(f) MANAGEMENT MEETINGS

The Facility Agent shall be entitled to call for meetings with the chief executive officer and/or the chief financial officer of the Parent and/or Antargaz twice in each Financial Year to discuss financial information delivered under clause 19.10(c) (Financial statements) on reasonable prior notice and at times reasonably convenient to the chief executive officer and/or chief financial officer.

(g) ACCOUNTING REFERENCE DATE AND TAX CONSOLIDATION

- (i) The Parent shall not change its Financial Year end without the prior consent of the Facility Agent. The Parent shall procure that the financial year end of each of its Subsidiaries is the same as the Financial Year end (except, in the case of a Partly Owned Storage and Logistics Company which, as at the Signing Date, has a different financial year end and, pursuant to the terms of the shareholders agreement or constitutional documents relating to that Partly Owned Storage and Logistics Company, the Group Company which holds a direct equity interest in that Partly Owned Storage and Logistics Company is not entitled to procure a change of that existing financial year end).
- (ii) Each Obligor undertakes to procure that the consolidated tax group status (integration fiscale) of the Parent and each of its Subsidiaries which fulfils the conditions for inclusion in the consolidated tax group of the Parent will continue for so long as any Obligor has any obligation under any Senior Finance Document.

(h) INVESTIGATIONS

- (i) If the Majority Lenders have reasonable grounds for believing that either:
 - (A) any accounts or calculations provided under this agreement are inaccurate or incomplete in any material respect; or
 - (B) the Parent is, or may in future be, in breach of any of its obligations under clause 19.11 (Financial covenants),

then the Parent will at its own expense, if so required by the Facility Agent, instruct the Auditors (or other firm of accountants selected by the Facility Agent) to discuss the financial position of the Group with the Facility Agent and to disclose to the Facility Agent and the Lenders (and provide copies of) such information as the Facility Agent may reasonably request regarding the financial condition and business of the Group.

- (ii) If, having taken the steps in sub-paragraph (i) above, the Majority Lenders request, the Facility Agent may instruct the Auditors (or other firm of accountants selected by the Facility Agent) to carry out an investigation at the Parent's expense into the affairs, the financial performance and/or the accounting and other reporting procedures and standards of the Group, and the Parent will procure that full co-operation is given to the Auditors or other firm of accountants so selected.

(i) OTHER INFORMATION

The Parent will promptly deliver to the Facility Agent for distribution to the Lenders:

- (i) details of any material litigation, arbitration, administrative or regulatory proceedings relating to it or any of its Subsidiaries;

- (ii) details of any material labour dispute affecting it or any of its Subsidiaries;
- (iii) at the same time as it is sent to its creditors, any other material document or information sent to any class of its creditors generally (excluding for this purpose creditors which are Group Companies) including all material documents or information provided by the Issuer or Finco to the High Yield Trustee or to the holders of the High Yield Notes;
- (iv) any other information relating to the financial condition or operation of any Group Company which the Facility Agent may from time to time reasonably request;
- (v) details of any breach of the provisions of any Transaction Document of which it is aware; and
- (vi) copies of any notice given or received under the Transaction Documents.

19.11 FINANCIAL COVENANTS

The Parent undertakes that it will procure that:

(a) LEVERAGE

The ratio of Total Net Debt as at each Testing Date set out in the table below to EBITDA for the Testing Period ending on that Testing Date shall not exceed A:1 as at that Testing Date, where A has the value set out in the table below opposite that Testing Date.

(b) NET INTEREST COVER

The ratio of EBITDA to Net Interest for each Testing Period ending on a Testing Date set out in the table below shall not be less than B:1; where B has the value set out in the table below opposite that Testing Date.

(c) COVENANT RATIOS

The table referred to in clauses 19.11(a) (Leverage) and (b) (Net interest cover) is the following:

TESTING DATE	A	B
30 September, 2003	3.50 : 1	3.50 : 1
31 March, 2004	3.50 : 1	3.50 : 1
30 September, 2004	3.50 : 1	3.50 : 1
31 March, 2005	3.25 : 1	3.50 : 1
30 September, 2005	3.25 : 1	3.50 : 1
31 March, 2006	3.25 : 1	3.50 : 1
30 September, 2006	3.25 : 1	3.50 : 1
31 March, 2007	3.00 : 1	4.00 : 1
30 September, 2007	3.00 : 1	4.00 : 1

TESTING DATE	A	B
31 March, 2008	3.00 : 1	4.00 : 1

19.12 FINANCIAL DEFINITIONS

For the purposes of clause 19.11 (Financial covenants):

"CASH" means cash at bank credited to an account in the name of a Group Company with an Eligible Lender and to which that Group Company is beneficially entitled which is repayable on demand (or within 30 days of demand) without condition;

"CASH EQUIVALENTS" means marketable debt securities with a maturity of three months or less and with a short-term debt rating of at least A1 + granted by Standard & Poor's Ratings Group (a division of The McGraw Hill Companies, Inc.) or P1 granted by Moody's Investors Services, Inc. to which a Group Company is beneficially entitled, and which can be realised by that Group Company without any significant delay;

"EBITDA" means the consolidated profit of the Group for the relevant Testing Period:

- (a) before any deduction of corporation tax or other Taxes on income or gains;
- (b) before any deduction for Interest Payable;
- (c) before, with respect only to Testing Periods during which interest payments were made under the Investor Bonds, any deduction of interest on the Investor Bonds;
- (d) after deducting (to the extent otherwise included) Interest Receivable;
- (e) excluding extraordinary items;
- (f) after deducting (to the extent otherwise included) the amount of profit (or adding back the amount of loss) of:
 - (i) any Group Company (other than the Parent) which is attributable to any third party (other than a Group Company) which is a shareholder in that Group Company; and
 - (ii) any company or other person which is not a Group Company but whose profits or losses are taken into account in the calculation of the consolidated profit of the Group for that Testing Period;
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than stock disposed of in the ordinary course of trading) during that Testing Period, to the extent included in arriving at EBITDA for that Testing Period;
- (h) before deducting amortisation of any goodwill or any intangible assets;
- (i) before deducting any depreciation on fixed assets;
- (j) before amortisation of any Acquisition Costs; and
- (k) after adding back or deducting, as the case may be, the variation of any provision during that Testing Period which does not have any cash impact;

For the avoidance of doubt, "EBITDA" shall not be reduced by the Refinancing Costs incurred and paid by the Group during that Testing Period;

"ELIGIBLE LENDER" means any bank or financial institution with a short-term debt rating of at least A1 granted by Standard & Poor's Ratings Group (a division of the McGraw Hill Companies, Inc.) or P1 granted by Moody's Investors Services, Inc.;

"INTEREST" means interest and amounts in the nature of interest paid or payable in relation to any Financial Indebtedness including:

- (a) the interest element of finance leases;
- (b) discount and acceptance fees payable (or deducted) in relation to any Financial Indebtedness;
- (c) fees payable in connection with the issue or maintenance of any bond, letter of credit, guarantee or other assurance against financial loss which constitutes Financial Indebtedness and is issued by a third party on behalf of a Group Company (but excluding Refinancing Costs);
- (d) repayment and prepayment premiums payable or incurred in repaying or prepaying any Financial Indebtedness; and
- (e) commitment, utilisation and non-utilisation fees payable or incurred in relation to Financial Indebtedness (but excluding Refinancing Costs);

"INTEREST PAYABLE" means the total of:

- (a) Interest accrued (whether or not paid or capitalised) during the relevant Testing Period; and
- (b) the amount of the discount element of any Financial Indebtedness amortised during that Testing Period,

as an obligation of any Group Company during that period and adjusted for amounts payable and receivable under Derivative Instruments entered into for the purposes of managing or hedging interest rate risk;

"INTEREST RECEIVABLE" means the amount of Interest accrued (including interest and/or dividends received by the Group during the relevant Testing Period under Cash Equivalent investments) due to Group Companies (other than by other Group Companies) during the relevant Testing Period which is freely available to meet the Group's payment obligations;

"NET INTEREST" means Interest Payable less Interest Receivable during the relevant Testing Period;

"TESTING DATE" means the date specified in the relevant table as the date as at (or to) which a particular financial ratio is being tested;

"TESTING PERIOD" means, subject to clause 19.14 (Calculation adjustments) each period which corresponds to the annual accounting reference period of the Parent or two consecutive Accounting Half-Years and ending on or about a Testing Date;

"TOTAL NET DEBT" means, at any time, the aggregate outstanding principal or capital amount of all Financial Indebtedness of the Group calculated on a consolidated basis less Cash and Cash Equivalents owned by Group Companies, except that:

- (a) in the case of any finance lease only the capitalised value of that finance lease (as determined in accordance with the Approved Accounting Principles) shall be included;
- (b) in the case of any guarantee referred to in the definition of Financial Indebtedness in clause 1.1 (Definitions), the amount of that guarantee shall not be included, to the extent it relates to (a) indebtedness of another Group Company already included in the calculation of Total Net Debt, or (b) bank guarantees (cautions bancaires) issued to French tax authorities to secure the liabilities of any Group Company under tax reassessments in respect of French professional tax (taxe professionnelle), to the extent that such liabilities are fully guaranteed by the Vendors under the provisions of the Warranty Agreement;
- (c) any Financial Indebtedness arising under any Private Equity Contribution shall be excluded; and
- (d) any amount drawn under the Revolving Facility shall be excluded.

19.13 CALCULATION

- (a) The covenants contained in clause 19.11 (Financial covenants) will be tested by reference to the Annual Accounts and the Half-Year Accounts for the relevant Testing Period.
- (b) If the Annual Accounts are not available when any covenant referred to in clause 19.13(a) is tested, but when those Annual Accounts become available, they show that the figures in any relevant Half-Year Accounts utilised for any such calculation cannot have been substantially accurate, the Facility Agent may require such adjustments to the calculations made or to be made which it, in its sole discretion, considers appropriate to rectify that inaccuracy and compliance with the covenants in clause 19.11 (Financial covenants) will be determined by reference to those adjusted figures.
- (c) The components of each definition used in clause 19.11 (Financial covenants) will be calculated in accordance with the Approved Accounting Principles, as varied by this agreement.
- (d) For the avoidance of doubt, for the purpose of calculating the ratios referred to in clause 19.11 (Financial Covenants), each component of such ratios shall not double-count the same amount in the same calculation.

19.14 CALCULATION ADJUSTMENTS

For the purpose of determining compliance with the financial covenants in clause 19.11(a) (Leverage) and 19.11(b) (Net interest cover) if the Group acquires a company or companies (having obtained any necessary consent under this agreement to do so), until the first Testing Date which falls more than 12 months after the relevant company or companies became Subsidiaries of the Parent, the results of such company or companies will be deemed included with those of the rest of the Group for the full duration of the relevant Testing Period as if such company or companies had become a Group Company at the commencement of the Testing Period. Any necessary aggregation of their results will be confirmed by the Auditors and will not include any synergy benefits expected (save as provided in the definition of Permitted Acquisition in clause 1.1 (Definitions)) to be achieved as a result of the acquisition of such company or companies.

20. EVENTS OF DEFAULT

20.1 LIST OF EVENTS

Each of the events set out in this clause 20.1 constitutes an Event of Default, whether or not the occurrence of the event concerned is outside the control of any Group Company.

(a) PAYMENT DEFAULT

Any Obligor fails to pay within five Business Days' of the due date any amount payable by it under any Senior Finance Document at the place at which and in the currency in which it is expressed to be payable.

(b) BREACH OF OTHER OBLIGATIONS

(i) Any Obligor fails to comply with any of its obligations under clauses 19.3 (Disposals and security undertakings) to 19.5 (Financing arrangement undertakings) (inclusive) (except clause 19.5(e)) or 19.11 (Financial covenants) (whether or not the relevant obligation is enforceable against that Group Company).

(ii) Any Group Company fails to comply with any of its obligations under any Senior Finance Document (whether or not the relevant obligation is enforceable against that Group Company), other than those specified in clause 20.1(a) (Payment default) or clause 20.1(b)(i) and, if that failure is in the opinion of the Facility Agent capable of remedy, it is not remedied within 15 Business Days of the earlier of:

(A) the Facility Agent notifying the Parent of that default; and

(B) any Group Company becoming aware of the relevant matter.

(c) MISREPRESENTATION

Any representation, warranty or statement which is made by any Group Company in any Senior Finance Document or is contained in any certificate, statement or notice provided under or in connection with any Senior Finance Document is incorrect in any material respect when made (or when deemed to be made or repeated) and, if the circumstances giving rise to that default are in the opinion of the Facility Agent capable of remedy, they are not remedied within 15 Business Days of the earlier of:

(i) the Facility Agent notifying the Parent of that default; and

(ii) any Group Company becoming aware of the relevant matter.

(d) INVALIDITY AND UNLAWFULNESS

(i) Any provision of any Senior Finance Document is or becomes invalid or unenforceable for any reason or is repudiated or the validity or enforceability of any provision of any Senior Finance Document is contested by any person or any party to any Senior Finance Document (other than a Finance Party) denies the existence of any liability or obligation on its part under any Senior Finance Document.

(ii) It is or becomes unlawful under any applicable jurisdiction for any Group Company to perform any of its obligations under any Senior Finance Document.

(iii) Any act, condition or thing required to be done, fulfilled or performed in order to:

- (A) enable any Group Company lawfully to enter into, exercise its rights under and perform the obligations expressed to be assumed by it under any Senior Finance Document, any High Yield Document and any Intra-Group Bond Document to which it is party;
- (B) ensure that the obligations expressed to be assumed by any Group Company under any Senior Finance Document, any High Yield Document and any Intra-Group Bond Document to which it is party are legal, valid and binding;
- (C) make each any Senior Finance Document, any High Yield Document and any Intra-Group Bond Document admissible in evidence in the courts of France or the jurisdiction in which any Group Company is incorporated; and
- (D) create the security constituted by the Security Documents to which any Group Company is party,

is not done, fulfilled or performed.

(e) INSOLVENCY

- (i) Any Group Company stops or suspends or threatens, or announces an intention to stop or suspend, payment of its debts (including cessation des paiements, whether pursuant to article L621-1 of the New French Commercial Code or otherwise).
- (ii) Any Group Company is, for the purpose of any applicable law, deemed to be unable, or admits its inability, to pay its debts as they fall due or becomes insolvent or a moratorium (sursis de paiements) is declared in relation to any indebtedness of any Group Company.

(f) RECEIVERSHIP AND ADMINISTRATION

- (i) Any encumbrancer takes possession of, or a receiver or administrator or similar officer (a conciliateur or an administrateur provisoire or a mandataire ad hoc) is appointed over or in relation to, all or any part of the assets of any Group Company.
- (ii) A petition is presented, a meeting is convened, an application is made or any other step is taken for the purpose of appointing an administrator or receiver or other similar officer (a conciliateur or an administrateur provisoire or a mandataire ad hoc) of, or for the making of an administration order in relation to any Group Company, in each case unless such proceedings are discharged or stayed within 15 days.

(g) COMPOSITIONS AND ARRANGEMENTS

- (i) Any Group Company convenes a meeting of its creditors generally or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors generally.
- (ii) Any Group Company proposes or enters into any negotiations for or in connection with the rescheduling, restructuring or re-adjustment of any indebtedness by reason of, or with a view to avoiding, financial difficulties.

(h) WINDING UP

(i) Any meeting of any Group Company is convened for the purpose of considering any resolution for (or to petition for) its winding up (liquidation judiciaire or amiable) or passes such a resolution (other than as a result of a permitted amalgamation).

(ii) A petition is presented for the winding up of any Group Company which is not discharged or stayed within 21 days.

(iii) An order is made for the winding up of any Group Company.

(i) ATTACHMENT OR PROCESS

A creditor attaches or takes possession of (mesure de saisie) or a distress, execution, (execution forcee), sequestration or other process is levied or enforced upon or sued out against all or any part of the assets the aggregate value of which exceeds EUR 1,525,000 (or its equivalent in other currencies) of any Group Company in each case unless such proceedings are discharged or stayed within 21 days.

(j) SUSPENSION OF PAYMENTS

Any order is made, any resolution is passed or any other action is taken for the suspension of payments, protection from creditors or bankruptcy of any Group Company.

(k) SIMILAR EVENTS ELSEWHERE

There occurs in relation to any Material Company or any of its assets in any country or territory in which it is incorporated or carries on business or to the jurisdiction of whose courts it or any of its assets is subject any event which appears to the Facility Agent to correspond in that country or territory with any of those mentioned in clauses 20.1(e) (Insolvency) to 20.1(j) (Suspension of payments) (inclusive).

(l) CESSATION OF BUSINESS

The Parent or any Material Company ceases, or threatens or proposes to cease to carry on all or a substantial part of its business (cessation totale ou partielle de l'entreprise).

(m) COMPULSORY ACQUISITION

All or any part of the assets of the Parent or any Material Company are seized, nationalised, expropriated or compulsorily acquired by, or by the order of, any central or local governmental authority in relation to which full market value compensation is not paid.

(n) SECURITY INTERESTS

Any Security Interest affecting the business, undertaking or any of the assets of the Parent or any Material Company and securing indebtedness exceeding EUR 775,000 (or its equivalent in other currencies) in aggregate becomes enforceable and steps are taken to enforce the same which are not withdrawn or stayed within 30 days.

(o) CROSS DEFAULT

- (i) Any Financial Indebtedness of any Group Company or Group Companies exceeding EUR 1,525,000 (or its equivalent in other currencies) in aggregate:
- (A) is not paid when due or within any originally applicable grace period in any agreement relating to that Financial Indebtedness; or
 - (B) becomes due and payable (or capable of being declared due and payable) before its normal maturity or is placed on demand (or any commitment for any such indebtedness is cancelled or suspended) by reason of a default or event of default (however described).
- (ii) Any event of default (howsoever described) occurs under any of the High Yield Documents or Intra-Group Bond Documents.

(p) LITIGATION

Any litigation, arbitration or administrative proceeding is commenced by or against any Group Company which is reasonably likely to be resolved against the relevant Group Company and, if so resolved, could reasonably be expected to have a Material Adverse Effect.

(q) INTERCREDITOR BREACH

Any Obligor or an Intra-Group Creditor (as defined in the Intercreditor Agreement) fails to comply with its obligations under the Intercreditor Agreement or the Intercreditor Agreement ceases to be binding upon any such party for whatever reason, in each case in a manner which could reasonably be expected to prejudice the interests of the Finance Parties under the Senior Finance Documents.

(r) REGULATORY PROCEEDINGS

Any regulatory or other proceedings are instigated by any competition or similar authority (including the European Commission) as a result of the Transaction Documents having been entered into or implemented and the same has, or could reasonably be expected to have, a Material Adverse Effect.

(s) AUDITORS' QUALIFICATION

The Auditors qualify their report on any Annual Accounts in any manner which could reasonably be expected to prejudice the interests of the Finance Parties under the Senior Finance Documents.

(t) MATERIAL CONTRACTS

- (i) Any Material Contract is terminated or otherwise ceases to be in full force and effect (other than on expiry under its terms, as in force at the date of this agreement).
- (ii) Any amendment is made to any Material Contract without the prior consent of the Majority Lenders which could reasonably be expected to be materially adverse to the interests of the Finance Parties under the Senior Finance Documents.

(iii) Any Group Company breaches any term of or repudiates any of its obligations under any Material Contract the result of which could reasonably be expected to be materially adverse to the interests of the Finance Parties under the Senior Finance Documents.

(u) TAX CONSOLIDATION

The Group loses, for whatever reason (including as a result of any change of law or interpretation in law) the benefit of the tax consolidation regime (integration fiscale) for the Group, unless, within 30 days of the occurrence of the relevant event causing the loss of the tax consolidation regime, the Parent has provided written details to the Facility Agent of a solution to that loss which is satisfactory to the Majority Lenders (acting reasonably).

(v) MATERIAL ADVERSE EFFECT

At any time there occurs any event or default not mentioned in any of the provisions of this clause 20.1 which, in the opinion of the Majority Lenders, could reasonably be expected to have a Material Adverse Effect.

20.2 CANCELLATION AND REPAYMENT

Subject to Clause 20.3 (Certain Funds Period), at any time after the occurrence of an Event of Default (and for so long as it is continuing), the Facility Agent may, and will if so directed by the Majority Lenders, by notice to the Parent do all or any of the following, in addition and without prejudice to any other rights or remedies which it or any other Finance Party may have under any other Senior Finance Document:

- (a) terminate the availability of the Facilities, whereupon the Facilities shall cease to be available for drawing, the undrawn portion of the Commitments of each of the Lenders shall be cancelled and no Lender shall be under any further obligation to make Advances or issue Bank Guarantees; and/or
- (b) declare all or any Advances, accrued interest on those Advances and any other amounts then payable under any Senior Finance Document to be immediately due and payable, whereupon those amounts shall become so due and payable; and/or
- (c) declare all or any Advances to be payable on demand, whereupon those Advances shall become payable on demand; and/or
- (d) require the provision of cash cover in relation to all or any outstanding Contingent Liabilities, whereupon each Borrower shall immediately provide cash cover in an amount equal to the total Contingent Liability of the Lenders under all Bank Guarantees issued for the account of the Borrowers.

20.3 CERTAIN FUNDS PERIOD

Once the conditions precedent under clause 4.1 (Initial conditions precedent) have been satisfied, the Lenders shall only be entitled to decline to make available any Advance or to exercise any rights of rescission, cancellation or termination, whether pursuant to Clause 20.2 (Cancellation and Repayment) or otherwise or any rights of set-off or counterclaim under the Finance Documents in respect of any Advance the purpose of which is to fund the Refinancing during the Certain Funds Period, by reason of:

- (a) any Sale, Listing or Change of Control (each as described in clause 11.3 (Sale, Change of Control, Listing)) occurs;
- (b) an Obligor cancelling, rescinding or purporting to rescind the Facilities (including, without limitation, under clause 11.8 (Cancellation of Term Facility) or 11.9 (Cancellation of Revolving Facility)) in the case of any cancellation to the extent of the amount so cancelled;
- (c) any breach of the representations and warranties contained in clauses 18.2 (Incorporation) (to the extent that the breach of such clause 18.2 (Incorporation) relates to an Obligor), 18.3 (Power and capacity) or 18.4 (Authorisation);
- (d) any breach of the undertaking contained in clauses 19.2(c) (Amalgamations), 19.2(h) (Pari-passu ranking), 19.4 (Acquisitions and investment undertakings) (to the extent that such breach of that clause could reasonably be expected to have a Material Adverse Effect), 19.5(a) (Borrowings) (to the extent that such breach of that clause could reasonably be expected to have a Material Adverse Effect), 19.5(b) (Guarantees) (to the extent that such breach of that clause could reasonably be expected to have a Material Adverse Effect), 19.5(c) (Loans) (to the extent that such breach of that clause could reasonably be expected to have a Material Adverse Effect), 19.6(e) (Ring Fencing of Finco), 19.8(a) (Changes to Acquisition Documents and Material Contracts), 19.8(c) (Changes to Equity Documents), 19.8(d) (Changes to High Yield Documents and Intra-Group Documents) or 19.9 (Share capital, dividend and other junior financing arrangement undertakings),
- (e) any of the Events of Default referred to in clause 20.1(d) (Invalidity and unlawfulness) occurring and is continuing by reason of circumstances relating to the Parent only or as a result of a change of any law or regulation occurring during the Certain Funds Period;
- (f) any of the Events of Default referred to in clauses 20.1(e) (Insolvency) to 20.1(k) (Similar events elsewhere) occurring and is continuing;
- (g) any of the events described in clause 14.2 (Illegality) occurs as a result of a change of any law or regulation occurring during the Certain Funds Period; or
- (h) the Event of Default referred to in clause 20.1(v) (Material Adverse Effect) occurring and is continuing on 30 June 2003 and the Facility Agent has notified the Parent of the termination of the Facility on that ground pursuant to clause 20.2 (Cancellation and repayment) by facsimile before 10:00 a.m. on 30 June 2003.

21. THE AGENTS AND THE OTHER FINANCE PARTIES

21.1 AGENTS' APPOINTMENT

- (a) Each Lender:
 - (i) appoints Credit Lyonnais as Facility Agent to act as its agent under and in connection with the Senior Finance Documents and as Security Agent to act as its security agent for the purposes of the Security Documents; and
 - (ii) irrevocably authorises each Agent for and on its behalf to exercise the rights, powers and discretions which are specifically delegated to it by the terms of the Senior Finance Documents, together with all rights, powers and discretions which are incidental thereto and to give a good discharge for any monies payable under the Senior Finance Documents.

- (b) Each Agent will act solely as agent for the Lenders in carrying out its functions as agent under the Senior Finance Documents and will exercise the same care as it would in dealing with a credit for its own account.
- (c) The relationship between the Lenders and each Agent is that of principal and agent only. No Agent shall have, nor be deemed to have, assumed any obligations to, or trust or fiduciary relationship with, the other Finance Parties or any Obligor, other than those for which specific provision is made by the Senior Finance Documents.

21.2 AGENTS' DUTIES

Each Agent shall:

- (a) send to each Lender details of each communication delivered to the Agent by an Obligor for that Lender under any Senior Finance Document as soon as reasonably practicable after receipt;
- (b) subject to those provisions of this agreement which require the consent of all the Lenders, act in accordance with any instructions from the Majority Lenders or, if so instructed by the Majority Lenders, refrain from exercising a right, power or discretion vested in it under any Senior Finance Document;
- (c) have only those duties, obligations and responsibilities expressly specified in the Senior Finance Documents; and
- (d) without prejudice to clause 21.6(c) (Communications and information), promptly notify each Lender:
 - (i) of any Default which occurs under clause 20.1(a) (Payment default); and
 - (ii) if the Agent receives notice from an Obligor referring to this agreement, describing a Default and stating that the circumstance described is a Default.

21.3 AGENTS' RIGHTS

Each Agent may:

- (a) perform any of its duties, obligations and responsibilities under the Senior Finance Documents by or through its personnel, delegates or agents (on the basis that each Agent may extend the benefit of any indemnity received by it under this agreement to its personnel, delegates or agents);
- (b) except as expressly provided to the contrary in any Senior Finance Document, refrain from exercising any right, power or discretion vested in it under the Senior Finance Documents until it has received instructions from the Majority Lenders or, where relevant, all the Lenders;
- (c) unless it has received notice to the contrary, treat the Lender which makes available any portion of a Drawing as the person entitled to repayment of that portion;
- (d) refrain from doing anything which would or might in its opinion be contrary to any law, regulation or judgement of any court of any jurisdiction or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with any such law, regulation or judgement;

- (e) assume that no Default has occurred, unless an officer of that Agent while active on the account of the Parent acquires actual knowledge to the contrary;
- (f) refrain from taking any step (or further step) to protect or enforce the rights of any Lender under any Senior Finance Document until it has been indemnified and/or secured to its satisfaction against all losses, (including legal fees) which it would or might sustain or incur as a result;
- (g) rely on any communication or document believed by it to be genuine and correct and to have been communicated or signed by the person to whom it purports to be communicated or by whom it purports to be signed;
- (h) rely as to any matter of fact which might reasonably be expected to be within the knowledge of any Group Company in a statement by or on behalf of that Group Company;
- (i) obtain and pay for any legal or other expert advice or services which may seem necessary or desirable to it and rely on any such advice;
- (j) accept without enquiry any title which an Obligor may have to any asset intended to be the subject of the security created by the Security Documents; and
- (k) hold or deposit any title deeds, Security Documents or any other documents in connection with any of the assets charged by the Security Documents with any banker or banking company or any company whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers and it shall not be responsible for or be required to insure against any loss incurred in connection with any such holding or deposit and it may pay all amounts required to be paid on account or in relation to any such deposit.

21.4 EXONERATION OF THE ARRANGER AND THE AGENTS

None of the Arranger, the Agents or any of their respective personnel or agents shall be:

- (a) responsible for the adequacy, accuracy or completeness of any representation, warranty, statement or information in the Syndication Memorandum, any Senior Finance Document or any notice or other document delivered under any Senior Finance Document;
- (b) responsible for the execution, delivery, validity, legality, adequacy, enforceability or admissibility in evidence of any Senior Finance Document;
- (c) obliged to enquire as to the occurrence or continuation of a Default or as to the accuracy or completeness of any representation or warranty made by any Obligor under any Senior Finance Document;
- (d) responsible for any failure of any Obligor or any of the Lenders duly and punctually to observe and perform their respective obligations under any Senior Finance Document;
- (e) responsible for the consequences of relying on the advice of any professional advisers selected by any of them in connection with any Senior Finance Document;
- (f) liable for acting (or refraining from acting) in what it believes to be in the best interests of the Lenders in circumstances where it has been unable, or it is not practicable, to obtain the instructions of the Lenders or the Majority Lenders (as the case may be); or

- (g) liable for anything done or not done by it under or in connection with any Senior Finance Document, save in the case of its own gross negligence or wilful misconduct or by a material breach of any of its Obligations under the Senior Finance Documents.

21.5 THE ARRANGER AND THE AGENTS INDIVIDUALLY

- (a) If it is a Lender, the Arranger and each of the Agents shall have the same rights and powers under the Senior Finance Documents as any other Lender and may exercise those rights and powers as if it were not also acting as an Arranger or an Agent.
- (b) The Arranger and the Agents may:
 - (i) retain for its own benefit and without liability to account any fee or other amount receivable by it for its own account; and
 - (ii) accept deposits from, lend money to, provide any advisory, trust or other services to or engage in any kind of banking or other business with any party to this agreement or any subsidiary of any party (and, in each case, may do so without liability to account).

21.6 COMMUNICATIONS AND INFORMATION

- (a) All communications to an Obligor in connection with the Senior Finance Documents are to be made by or through the Facility Agent. Each Finance Party will notify the Facility Agent of, and provide the Facility Agent with a copy of, any communication between that Finance Party, an Obligor or any other Finance Party on any matter concerning the Facilities or the Senior Finance Documents.
- (b) No Agent will be obliged to transmit to any other Finance Party any information relating to any party to any Senior Finance Document which that Agent may have acquired otherwise than in connection with the Facilities or the Senior Finance Documents. Notwithstanding anything to the contrary expressed or implied in any Senior Finance Document, no Agent shall, as between itself and the other Finance Parties, be bound to disclose to any other Finance Party or other person any information, disclosure of which might in the opinion of that Agent result in a breach of any law or regulation or be otherwise actionable at the suit of any person or any information supplied by any Group Company to any Agent which is identified by such Group Company at the time of supply as being unpublished, confidential or price sensitive information relating to a proposed transaction by a Group Company and supplied solely for the purpose of evaluating in consultation with the relevant Agent whether such transaction might require a waiver or amendment to any of the provisions of the Senior Finance Documents.
- (c) In acting as agent for the Lenders, each Agent's banking division will be treated as a separate entity from any other of its divisions (or similar unit of that Agent in any subsequent re-organisation) or subsidiaries (the "OTHER DIVISIONS") and, if the relevant Agent acts for any Group Company in a corporate finance or other advisory capacity ("ADVISORY CAPACITY"), any information given by any Group Company to one of the Other Divisions is to be treated as confidential and will not be available to the Finance Parties without the consent of the Parent, except that:
 - (i) the consent of the Parent will not be required in relation to any information which the relevant Agent in its discretion determines relates to a Default or in relation to which the Lenders have given a confidentiality undertaking in a form satisfactory to that Agent and the relevant Group Company (acting reasonably); and

- (ii) if representatives or employees of the relevant Agent receive information in relation to a Default whilst acting in an Advisory Capacity, they will not be obliged to disclose that information to representatives or employees of that Agent in their capacity as agent bank or security agent under this agreement or to any Lender, if to do so would breach any rule or regulation or fiduciary duty imposed upon those persons.

21.7 NON-RELIANCE ON THE ARRANGER AND THE AGENTS

Each Lender confirms that it is (and will at all times continue to be) solely responsible for making its own independent investigation and appraisal of the business, operations, financial condition, creditworthiness, status and affairs of each Group Company and has not relied, and will not at any time rely, on the Arranger or any Agent:

- (a) to provide it with any information relating to the business, operations, financial condition, creditworthiness, status and affairs of any Group Company, whether coming into its possession before or after the making of any Advance, except as specifically provided otherwise in this agreement; or
- (b) to check or enquire into the adequacy, accuracy or completeness of any information provided by any Group Company under or in connection with any Senior Finance Document (whether or not that information has been or is at any time circulated to it by the Arranger or an Agent), including that contained in the Syndication Memorandum; or
- (c) to assess or keep under review the business, operations, financial condition, creditworthiness, status or affairs of any Group Company.

21.8 AGENTS' INDEMNITY

- (a) Each Lender shall on demand indemnify each Agent (in proportion to that Lender's participation in the Drawings (or the Total Commitments if there are no Drawings outstanding) at the relevant time) against any loss incurred by the relevant Agent in complying with any instructions from the Lenders or the Majority Lenders (as the case may be) or otherwise sustained or incurred in connection with the Senior Finance Documents or its duties, obligations and responsibilities under the Senior Finance Documents, except to the extent that it is incurred as a result of the gross negligence or wilful misconduct of the relevant Agent or any of its personnel.
- (b) The provisions of clause 21.8(a) are without prejudice to any obligations of the Obligors to indemnify the Agents under the Senior Finance Documents.

21.9 TERMINATION AND RESIGNATION OF AGENCY

- (a) An Agent (a "RETIRING AGENT") may resign its appointment at any time by giving notice to the Lenders and the Parent.
- (b) A successor Agent (a "SUCCESSOR AGENT") shall be selected:
 - (i) by the Retiring Agent nominating one of its Affiliates following consultation with the Parent as Successor Agent in its notice of resignation; or
 - (ii) if the Retiring Agent makes no such nomination, by the Majority Lenders nominating a Lender acting through an office in France as Successor Agent (following consultation with the Parent); or

- (iii) if the Majority Lenders have failed to nominate a Successor Agent within 30 days of the date of the Retiring Agent's notice of resignation, by the Retiring Agent (following consultation with the Parent) nominating a financial institution of good standing acting through an office in France to be the Successor Agent.
- (c) The Majority Lenders may at any time with the prior consent of the Parent, such consent not to be unreasonably withheld or delayed, by 30 days' prior notice to the relevant Agent and the Parent terminate the appointment of an Agent and appoint a Successor Agent.
- (d) The resignation of the Retiring Agent and the appointment of the Successor Agent will become effective only upon the Successor Agent accepting its appointment as Agent (and, in the case of the Security Agent's resignation, upon the execution of all agreements and documents necessary to substitute its successor as holder of the security comprised in the Security Documents), at which time:
 - (i) the Successor Agent will become bound by all the obligations of the Facility Agent or Security Agent (as the case may be) and become entitled to all the rights, privileges, powers, authorities and discretions of that Agent under the Senior Finance Documents;
 - (ii) the agency of the Retiring Agent will terminate (but without prejudice to any liabilities which the Retiring Agent may have incurred prior to the termination of its agency); and
 - (iii) the Retiring Agent will be discharged from any further liability or obligation under or in connection with the Senior Finance Documents (except that the Retiring Agent shall pay to the Successor Agent a pro rata proportion of the agency fee referred to in clause 15.2 (Agency fee) for the 12 month period in relation to which that agency fee was most recently paid).
- (e) The Retiring Agent will co-operate with the Successor Agent in order to ensure that its functions are transferred to the Successor Agent without disruption to the service provided to the Parent and the Lenders and will, as soon as practicable following the Successor Agent's appointment, make available to the Successor Agent the documents and records which have been maintained in connection with the Senior Finance Documents in order that the Successor Agent is able to discharge its functions.
- (f) The provisions of this agreement will continue in effect for the benefit of any Retiring Agent in relation to any actions taken or omitted to be taken by it or any event occurring before the termination of its agency.

21.10 ROLE OF THE SECURITY AGENT

The Security Agent shall hold the benefit of the Security Documents as agent for itself and the other Finance Parties and will apply all payments and other benefits received by it under the Security Documents in accordance with the provisions of the Intercreditor Agreement.

21.11 PAYMENTS TO FINANCE PARTIES

- (a) Each Agent will account to each other Finance Party for its due proportions of all amounts received by that Agent for that Finance Party, whether by way of repayment of principal or payment of interest, commitment commission, fees or otherwise.

- (b) Each Agent may retain for its own use and benefit, and will not be liable to account to any other Finance Party for all or any part of, any amounts received by way of agency or arrangement fee or by way of reimbursement of expenses incurred by it.

21.12 CHANGE OF OFFICE OF AGENT

An Agent may at any time in its sole discretion by notice to the Parent and each other Finance Party designate a different office in France from which its duties as the relevant Agent will be performed from the date of notification.

22. PRO RATA PAYMENTS

22.1 RECOVERIES

If any amount owing by any Obligor under any Senior Finance Document to a Lender (the "RECOVERING LENDER") is discharged by payment, set-off or any other manner other than through the Facility Agent in accordance with clause 12 (Payments) (that amount being referred to in this clause 22.1 as a "RECOVERY") then:

- (a) within two Business Days of receipt of the Recovery, the Recovering Lender shall pay to the Facility Agent an amount equal (or equivalent) to that Recovery;
- (b) the Facility Agent shall treat that payment as if it was part of the payment to be made by the relevant Obligor to the Lenders rateably in accordance with their respective Commitments; and
- (c) (except for any receipt by the Recovering Lender as a result of the operation of clause 23.1(b)) as between the relevant Obligor and the Recovering Lender, the Recovery shall be treated as not having been paid.

22.2 NOTIFICATION OF RECOVERY

Each Lender will notify the Facility Agent as soon as reasonably practicable of any Recovery by that Lender, other than by payment through the Facility Agent. If any Recovery subsequently has to be wholly or partly refunded by the Recovering Lender which paid an amount equal to that Recovery to the Facility Agent under clause 22.1(a) (Recoveries), each Lender to which any part of that amount was distributed will, on request from the Recovering Lender, repay to the Recovering Lender that Lender's pro rata share of the amount which has to be refunded by the Recovering Lender.

22.3 INFORMATION

Each Lender will on request supply to the Facility Agent any information which the Facility Agent may from time to time request for the purpose of this clause 22.

22.4 EXCEPTIONS TO SHARING OF RECOVERIES

Notwithstanding the foregoing provisions of this clause 22.1, no Recovering Lender will be obliged to share any Recovery which it receives as a result of legal proceedings taken by it to recover any amounts owing to it under the Senior Finance Documents with any other party which has a legal right to, but does not, either join in those proceedings or commence and diligently pursue separate proceedings to enforce its rights in the same or another court (unless the proceedings instituted by the Recovering Lender are instituted by it without prior notice having been given to that other party through the Facility Agent).

22.5 SEVERAL OBLIGATIONS

Failure by any Recovering Lender to comply with any of the provisions of this clause 22 will not release any other Recovering Lender from any of its obligations or liabilities under this clause 22.

22.6 OBTAINING CONSENTS

Each party to this agreement shall take all steps required of it under clause 22.1 (Recoveries) and use its reasonable endeavours to obtain any consents or authorisations which may be required in relation to any payment to be made by it under this clause 22.

22.7 NO SECURITY

The provisions of this clause 22 shall not, and shall not be construed so as to, constitute a charge by any Lender over all or any part of any amount received or recovered by it under any of the circumstances mentioned in this clause 22.

22.8 ANCILLARY AND HEDGING LENDERS

This clause 22 shall not apply to any Recovery by a Lender in its capacity as a Hedging Lender.

23. SET-OFF

23.1 SET-OFF RIGHTS

Any Finance Party may at any time after an Event of Default has occurred (without notice to the relevant Obligor):

- (a) set-off or otherwise apply amounts standing to the credit of any Obligor's accounts with that Finance Party; and
- (b) set-off any other obligations (then due for performance) owed by that Finance Party to the relevant Obligor,

against any liability of the relevant Obligor to the relevant Finance Party under the Senior Finance Documents which is due but unpaid.

23.2 DIFFERENT CURRENCIES

A Finance Party may exercise its rights under clause 23.1 (Set-off rights) notwithstanding that the amounts concerned may be expressed in different currencies and each Finance Party is authorised to effect any necessary conversions at a market rate of exchange selected by it.

24. NOTICES

24.1 MODE OF SERVICE

- (a) Except as specifically provided otherwise in this agreement, any notice, demand, consent, agreement or other communication (a "NOTICE") to be served under or in connection with any Senior Finance Document will be in writing and will be made by letter or by facsimile transmission to the party to be served.
- (b) The address and facsimile number of each party to this agreement for the purposes of clause 24.1(a) are:

- (i) the address and facsimile number shown immediately after its name on the signature pages of this agreement (in the case of any person who is a party as at the date of this agreement);
 - (ii) the address and facsimile number notified by that party for this purpose to the Facility Agent on or before the date it becomes a party to this agreement (in the case of any person who becomes a party after the date of this agreement); or
 - (iii) any other address and facsimile number notified by that party for this purpose to the Facility Agent by not less than five Business Days' notice.
- (c) Any Notice to be served by any Obligor on a Finance Party will be effective only if it is expressly marked for the attention of the department or officer (if any) specified in conjunction with the relevant address and facsimile number referred to in clause 24.1(b).

24.2 DEEMED SERVICE

- (a) Subject to clause 24.2(b), a Notice will be deemed to be given as follows:
- (i) if by letter, when delivered personally or on actual receipt; and
 - (ii) if by facsimile, when delivered.
- (b) A Notice given in accordance with clause 24.2(a) but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

24.3 LANGUAGE

- (a) Any Notice must be in English.
- (b) All other documents provided under or in connection with any Senior Finance Document must be:
- (i) in English; or
 - (ii) if not in English, accompanied by a certified English translation in which case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

25. CONFIDENTIALITY

Subject to clause 26.8 (Disclosure of information), the parties will keep the Senior Finance Documents, the Syndication Memorandum and their subject matter and any matter relating thereto (including all details relating to the structure and financing of the Acquisition) confidential, except to the extent that they are required by law or regulation to disclose the same. Each Finance Party agrees with each Obligor to hold confidential all information which it acquires under or in connection with the Senior Finance Documents, except to the extent it is required by law or regulation to disclose it or it comes into the public domain (otherwise than as a result of a breach of this clause 25). A Finance Party may, however, disclose any such information to its auditors, legal advisers or other professional advisers (the "ADVISERS") for any purpose connected with the Senior Finance Documents, provided that the relevant Finance Party takes reasonable steps to procure that each Adviser maintains the confidentiality of that information.

26. CHANGES TO PARTIES

26.1 ASSIGNMENT BY THE OBLIGORS

No Obligor may assign or transfer all or any part of its rights, benefits or obligations under any Senior Finance Document.

26.2 ASSIGNMENTS AND TRANSFERS BY LENDERS

- (a) A Lender (in this capacity the "TRANSFEROR") may, subject to Clause 26.2(b) after prior consultation with the Parent at any time assign any of its rights under any Senior Finance Document or transfer any of its rights and obligations under any Senior Finance Document to any person (a "TRANSFEE"), provided that:
- (i) in the case of an assignment or transfer by a Lender of part (but not all) of its Commitments to a Transferee which is not, at the time of the assignment or transfer, an existing Lender, the aggregate amount of the Commitments of that Lender subject to that assignment or transfer is at least EUR 2,500,000;
 - (ii) the Transferee has executed a Creditor Accession Agreement;
 - (iii) in the case of an assignment, it is made in accordance with clause 26.3 (Assignments by Lenders);
 - (iv) in the case of a transfer, it is made in accordance with clause 26.4 (Transfers by Lenders); and
 - (v) in the case of a transfer of the Revolving Facility, each Issuing Lender has approved the Transferee (such approval not to be unreasonably withheld or delayed).
- (b) The Parent (for itself and as agent for the existing Obligors) will execute or procure that there are executed such documents and agreements as are necessary to effect a transfer of rights or obligations to a Transferee under this agreement.
- (c) Subject to clause 3.4(b) (Syndication), nothing in this agreement will restrict the ability of a Lender to sub-participate or sub-contract any of its obligations under any Senior Finance Document if that Lender remains liable under that Senior Finance Document in relation to those obligations. A Lender shall notify the Parent of any such sub-participation or sub-contracting by it.
- (d) The Transferee shall, under its own responsibility and at its own costs, notify the assignment of rights made in connection with the assignment or transfer to the Obligors through a bailiff in accordance with Article 1690 of the French Code Civil.

26.3 ASSIGNMENTS BY LENDERS

- (a) If any Lender wishes to assign all or any of its rights and benefits under the Senior Finance Documents, the relevant Transferee shall deliver a notice to the Facility Agent confirming to the Facility Agent (on behalf of the other parties to the Senior Finance Documents (other than the Transferor and the Transferee)) that it shall be under the same obligations towards each of them as it would have been under if it had been an original party to the Senior Finance Documents as a Lender.

- (b) Upon delivery of a notice under clause 26.3(a), the relevant Transferee shall (subject to clause 26.2 (Assignments and transfers by Lenders) become a party to the Senior Finance Documents as a Lender.

26.4 TRANSFERS BY LENDERS

- (a) A Transferor may, subject to clause 26.2 (Assignments and transfers by Lenders), after prior consultation with the Parent transfer all or any of its rights and obligations under the Senior Finance Documents to a Transferee by means of a transfer effected by the Facility Agent executing a Transfer Certificate which has been duly completed and signed by both the Transferee and the Transferor.
- (b) On the later of (A) the date specified in the Transfer Certificate as being the date on or as from which the transfer under this clause 26.4 is to take effect and (B) the date on which the Facility Agent executes the Transfer Certificate, to the extent that, in the Transfer Certificate, the Transferor seeks to transfer its right and obligations under the Senior Finance Documents:
 - (i) the Transferor and the other parties to the relevant Senior Finance Documents (the "EXISTING PARTIES") will be released from their obligations to each other under those Senior Finance Documents (the "DISCHARGED OBLIGATIONS");
 - (ii) the Transferee and the Existing Parties will assume obligations towards each other which differ from the Discharged Obligations only insofar as they are owed to or assumed by the Transferee instead of the Transferor;
 - (iii) the rights of the Transferor and the Existing Parties against each other under those Senior Finance Documents (the "DISCHARGED RIGHTS") will be cancelled;
 - (iv) the Transferee and the Existing Parties will acquire rights against each other which differ from the Discharged Rights only insofar as they are exercisable by or against the Transferee instead of the Transferor; and
 - (v) the Transferee will become a party to this agreement as a Lender in relation to the relevant Facility.
- (c) Each of the parties to this agreement (other than the relevant Transferor and the relevant Transferee) irrevocably authorises the Facility Agent to execute on its behalf any Transfer Certificate which has been duly completed in accordance with this clause 26.4 and executed by each of the Transferor and the Transferee.
- (d) The Facility Agent will notify the other parties to this agreement of the receipt and execution by it on their behalf of any Transfer Certificate as soon as reasonably practicable following execution.
- (e) For the purposes of article 1278 of the French Civil Code, each party to this agreement agrees that upon any transfer under this clause 26.4 (Transfers by Lenders), the guarantees and Security Interests created under any of Senior Finance Documents shall be preserved for the benefit of all Finance Parties including the Transferee.

26.5 FEE

On the date on which any transfer takes effect in accordance with this clause 26, the Transferee will pay to the Facility Agent for its own account a transfer fee of EUR 1,000 (VAT not included).

26.6 NO CONTINUING LIABILITY

Nothing in any Senior Finance Document will oblige a Transferor to, or cause a Transferor to be liable to:

- (a) accept a re-assignment or re-transfer from a Transferee of any of the rights or obligations assigned, transferred or novated under this clause 26; or
- (b) support any losses incurred by a Transferee by reason of the non-performance by any Obligor of its obligations under any Senior Finance Document.

26.7 BENEFIT OF AGREEMENT

This agreement will be binding on, and enure for the benefit of, each party to it and its or any subsequent successors or assigns.

26.8 DISCLOSURE OF INFORMATION

Each Lender may disclose to a proposed assignee or transferee or any sub-participant, risk participant or other participant proposing to enter or having entered into a contract with that Lender regarding the Senior Finance Documents any information in the possession of that Lender relating to any Group Company provided that, prior to disclosing any information in accordance with this clause 26.8, a Lender will obtain from any potential assignee, transferee or sub-participant, or, as the case may be, from its Affiliate, and deliver to the Parent, a confidentiality undertaking, addressed to the Obligors, in substantially the same form as given by each Lender under clause 25 or such other form as the Parent on behalf of the Obligors may approve.

26.9 NO ADDITIONAL COST TO OBLIGORS

If any assignment or transfer results, at or after the time of the assignment or transfer, in additional amounts (other than Mandatory Costs) becoming due by any Obligor under any provision of this agreement, the Transferee shall be entitled to receive such additional amounts only to the extent that the Transferor would have been so entitled had there been no such assignment or transfer.

27. LENDERS' DECISIONS

27.1 PROCEDURES

- (a) Subject to clauses 27.2 (Exceptions) and 27.3 (Express provisions), any provision of any Senior Finance Document may be amended or waived (each a "MODIFICATION") with the agreement of the Majority Lenders and the Parent. A Modification so agreed may be effected by the Facility Agent executing any documents which may be required for that purpose on behalf of itself and all the other Finance Parties and the Parent executing those documents on behalf of itself and all the other Obligors.
- (b) The Facility Agent will as soon as practicable after any Modification is made in accordance with clause 27.1(a) notify the other parties to the Senior Finance Documents. Any such Modification will take effect from the date on which that notification is given (or any later date which the Facility Agent may specify in that notification) and will be binding on all parties to the Senior Finance Documents.

27.2 EXCEPTIONS

The following matters will require the unanimous agreement of all of the Lenders:

- (a) any increase in the Commitment of any Lender;
- (b) any reduction of the Margin or any reduction of (or change in the currency of) the amount of any payment of principal, interest, guarantee fee or commission payable by any party under any Senior Finance Document;
- (c) any extension of any Availability Period, any Maturity Date, any Repayment Date or any other date for payment of any amount due, owing or payable to any Lender under any Senior Finance Document;
- (d) any change to the Borrowers or Guarantors or any release of security, other than in accordance with clause 17 (Changes to Obligors and Security); or
- (e) any amendment of the definition of "Majority Lenders" in clause 1.1 (Definitions) or any amendment of clause 3.3 (Rights and obligations of Finance Parties), clause 22 (Pro rata payments), clause 26 (Changes to Parties) or this clause 27.

27.3 EXPRESS PROVISIONS

Any consent or other matter which, by the express terms of any Senior Finance Document, is to be given by all the Lenders will not be effective unless all the Lenders have agreed to it but, subject to the agreement of all the Lenders having been obtained, may be given by the Facility Agent on behalf of all the Lenders.

27.4 HEDGING LENDERS

Subject to the terms of the Intercreditor Agreement, any Hedging Agreement may be amended or waived by agreement between the parties to that Hedging Agreement.

28. INDEMNITIES

28.1 GENERAL INDEMNITY AND BREAKAGE COSTS

The Parent will indemnify each Finance Party on demand against any loss (including loss of profit) which it incurs as a result of:

- (a) the occurrence of any Event of Default (and will pay all reasonable legal expenses incurred as a result of the occurrence of a Potential Event of Default);
- (b) any failure by an Obligor to pay any amount due under a Senior Finance Document on its due date;
- (c) any Drawing not being made for any reason (other than as a result of a default by a Finance Party) on the Drawdown Date specified in the relevant Drawdown Request; or
- (d) any Advance or overdue amount under a Senior Finance Document being repaid or prepaid otherwise than on the last day of an Interest Period relating to that Advance or overdue amount,

in each case upon production of duly documented evidence.

28.2 CURRENCY INDEMNITY

Without prejudice to clause 28.1 (General indemnity and breakage costs), if:

- (a) any amount payable by any Obligor under or in connection with any Senior Finance Document is received by any Finance Party (or by an Agent on behalf of any Finance Party) in a currency (the "PAYMENT CURRENCY") other than that agreed in the relevant Senior Finance Document (the "AGREED CURRENCY"), whether as a result of any judgement or order, the enforcement of any judgement or order, the liquidation of the relevant Obligor or otherwise, and the amount produced by converting the Payment Currency so received into the Agreed Currency is less than the relevant amount of the Agreed Currency; or
- (b) any amount payable by any Obligor under or in connection with any Senior Finance Document has to be converted from the Agreed Currency into another currency for the purpose of (i) making or filing a claim or proof against any Obligor, (ii) obtaining an order or judgement in any court or other tribunal or (iii) enforcing any order or judgement given or made in relation to any Senior Finance Document,

then that Obligor will, as an independent obligation, on demand indemnify the relevant Finance Party for the deficiency and any loss sustained as a result, upon production of duly documented evidence. Any conversion required will be made at the prevailing rate of exchange on the date and in the market determined by the relevant Finance Party as being most appropriate for the conversion. That Obligor will also pay the costs of the conversion.

28.3 WAIVER

The Parent waives any right it may have in any jurisdiction to pay any amount under any Senior Finance Document in a currency other than that in which it is expressed to be payable in that Senior Finance Document.

29. MISCELLANEOUS

29.1 CERTIFICATES CONCLUSIVE

Save as expressly provided otherwise in any Senior Finance Document, a certificate, determination, notification or opinion of any Finance Party stipulated for in any Senior Finance Document or as to any rate of interest or any other amount payable under any Senior Finance Document will be conclusive and binding on each Obligor, except in the case of manifest error.

29.2 NO IMPLIED WAIVERS

- (a) No failure or delay by any Finance Party in exercising any right, power or privilege under any Senior Finance Document will operate as a waiver of that right, power or privilege, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise of that right, power or privilege, or the exercise of any other right, power or privilege.
- (b) The rights and remedies provided in the Senior Finance Documents are cumulative and not exclusive of any rights and remedies provided by law and all those rights and remedies will, except where expressly provided otherwise in any Senior Finance Document, be available to the Finance Parties severally and any Finance Party shall be entitled to commence proceedings in connection with those rights and remedies in its own name.
- (c) A waiver given or other consent granted by any Finance Party under any Senior Finance Document will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

29.3 INVALIDITY OF ANY PROVISION

If any provision of this agreement is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

30. GOVERNING LAW AND SUBMISSION TO JURISDICTION

30.1 GOVERNING LAW

This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement) shall be governed by, and construed in accordance with, French law.

30.2 SUBMISSION TO JURISDICTION

For the benefit of each Finance Party, each Obligor irrevocably submits to the jurisdiction of the Commercial Courts of Paris (Tribunal de Commerce de Paris) for the purpose of hearing at first instance and determining any dispute arising out of this agreement and for the purpose of enforcement of any judgement against its assets.

30.3 ELECTION OF DOMICILE

For the benefit of each Finance Party, [each Obligor (other than the Parent)][Antargaz] irrevocably elects domicile with the Parent for the purposes of the Senior Finance Documents.

IN WITNESS whereof this agreement has been duly executed on the date first above written.

SCHEDULE 1
LENDERS

TERM COMMITMENT (EUR)	REVOLVING COMMITMENT (EUR)
-----	-----

CREDIT LYONNAIS
Investment / Banking / DPID /
Leveraged Finance
81/83, rue de Richelieu
75002 Paris - France

220,000,000

50,000,000

Facsimile: +33 1 42 95 14 72 / 88 21
Attention: Jerome Del Ben
Brigitte Chalaud

SCHEDULE 2
SECURITY DOCUMENTS

1. BY THE PARENT

Each of the following documents executed by the Parent in favour of the Security Agent in the agreed form:

- (a) pledge of financial instruments accounts (nantissement de compte d'instruments financiers) over all the shares of Antargaz;
- (b) assignment (cession) by way of security (pursuant to the Loi Dailly) of all proceeds of claims of the Parent under the warranties given to the Parent by the Vendors under the Acquisition Documents;
- (c) first ranking pledge of the Parent's business (nantissement de fonds de commerce);
- (d) a general assignment (cession) of all Receivables by way of security (pursuant to the Loi Dailly).

2. BY ANTARGAZ

Each of the following documents executed by Antargaz in favour of the Security Agent in the agreed form:

- (a) a general assignment (cession) of all Receivables by way of security (pursuant to the Loi Dailly);
- (b) pledges of financial instruments accounts (nantissements de compte d'instruments financiers) and pledges of shares (nantissements de parts sociales) over all the shares (less a maximum of 5 shares) of the following Companies held by Antargaz and:
 - (i) Wogegal SA;
 - (ii) Gaz Est Distribution SA;
 - (iii) Nord GPL SA;
 - (iv) Rhone Mediterranee Gaz SA;
 - (v) Societe Bearnaise des Gaz Liquefies (Sobegal) SA;
 - (vi) Societe Industrielle des Gaz de Petrole de l'Ouest (S.I.G.A.P. Ouest) SARL;
 - (vii) Rhone Gaz SA;
 - (viii) Geovexin SA;
 - (ix) Geogaz Lavera SA;
 - (x) Compagnie Bordelaise des Gaz Liquides (Cobogal) SA; and
- (c) first ranking pledge of the Antargaz's business (nantissement de fonds de commerce).

SCHEDULE 3
DOCUMENTARY CONDITIONS PRECEDENT

1. FORMALITIES CERTIFICATES

A certificate in the agreed form from each Obligor signed by its chief financial officer (or as the case may be its chief executive officer) attaching, in relation to the relevant Obligor, the following documents:

- (a) a certified copy of the statuts and extrait K-bis of the Obligor and, in respect of Antargaz only, of each of the Subsidiaries of Antargaz whose shares are pledged pursuant to the Senior Finance Documents;
- (b) a certified copy of the resolution of the board of directors of the Obligor (or equivalent) approving the transactions and matters contemplated by the Senior Finance Documents to which that Obligor is or is to be a party and approving the execution, delivery and performance of each and authorising named persons to sign the Senior Finance Documents to which it is or is to be a party and any documents to be delivered by that Obligor under any of the same; and
- (c) if required under its constitutional or governing documents, a certified copy of a resolution of the shareholders' meeting of the Obligor approving the transactions and matters contemplated by the Senior Finance Documents to which that Obligor is or is to be a party.

2. SENIOR FINANCE DOCUMENTS

Certified copies of the following documents in the agreed form duly executed and delivered by all parties to them:

- (a) the Security Documents;
- (b) the Intercreditor Agreement;
- (c) the Fees Letter; and
- (d) the Disclosure Letter;

3. HIGH YIELD DOCUMENTS

Certified copies of the following documents in the agreed form duly executed and delivered by all parties to them:

- (a) the High Yield Trust Deed;
- (b) the High Yield Notes; and
- (c) evidence (pursuant to the opinion referred to in paragraph 14(d) below) that the rights of the holders of the High Yield Notes and of the High Yield Trustee are subordinated to the rights of the Senior Finance Parties under the Senior Finance Documents.

4. EQUITY DOCUMENTS

(a) Certified copies of the following documents in the agreed form duly executed and delivered by all parties to them:

- (i) the Constitutional Documents;
- (ii) the Shareholders Agreement.

- (b) Evidence of the allocation of the shareholding of the Parent on the Signing Date.

5. ACQUISITION DOCUMENTS AND MATERIAL CONTRACTS

Certified copies of the following documents in the agreed form duly executed and delivered by all parties to them:

- (a) the Sale and Purchase Agreement;
- (b) the Warranty Agreement; and
- (c) the Material Contracts.

6. INTRA-GROUP BOND DOCUMENTS

Certified copies of the following documents in the agreed form duly executed and delivered by all parties to them:

- (a) the Intra-Group Bonds; and
- (b) the terms and conditions of the Intra-Group Bonds set out in the Parent's Bond resolution having decided on their issue.

7. INDEBTEDNESS AND SECURITY INTERESTS

A certificate in the agreed form from the Parent and Antargaz signed by the chief executive officer of the Parent and the chief financial officer of Antargaz setting out the financial indebtedness of the Group as at the Signing Date and all Security Interests granted by the members of the Group as at the Signing Date (other than those securing the Existing Facilities).

8. FINANCIAL INFORMATION

Certified copies in the agreed form of:

- (a) the Original Audited Accounts;
- (b) the Original Management Accounts;
- (c) the Approved Projections;
- (d) the audited unconsolidated accounts of each Obligor as at 31 March 2002; and
- (e) the management unconsolidated accounts of each Obligor as at 31 March 2003.

9. ANCILLARY SECURITY NOTICES

- (a) The originals of the documents set out below to be issued in connection with the Security Documents and duly signed on behalf of each relevant Obligor:
 - (i) declaration de gage and attestation de gage relating to the special charged account to which the shares of Antargaz are credited;
 - (ii) declaration de gage and attestation de gage relating to the special charged account to which the shares of the Distribution Companies and Storage and Logistics Companies subject to a Security Document are credited;
 - (iii) a bordereau Dailly from the Parent relating to the assignment by way of security of the Parent's claims under the Vendors' warranties;
 - (iv) a bordereau Dailly from the Parent relating to the general assignment of Receivables (to the extent required under the relevant master agreement); and

(v) a bordereau Dailly from Antargaz relating to the general assignment of Receivables (to the extent required under the relevant master agreement).

(b) All third party consents required to be obtained on or prior to the first Drawdown Date in any Security Document.

10. REFINANCING AND RELEASE OF EXISTING SECURITY

Evidence satisfactory to the Facility Agent that:

(a) the Obligors have cancelled all the Existing Facilities effective on the first Drawdown Date;

(b) the Existing Term Facility will be fully repaid on the first Drawdown Date out of the proceeds of the Term Facility, cash of the Parent and as the case may be, a first Revolving Advance made on the first Drawdown Date;

(c) Deutsche Bank AG London as security agent of the Existing Facility, acting on behalf of all beneficiaries (including hedging banks) of the security interests granted in connection with the Existing Facilities:

(i) has fully released with effect on the first Drawdown Date all such existing security interests (except for pledges of business (nantissements de fonds de commerce));

(ii) has agreed to promptly execute any necessary joint request (requete conjointe) to the president of any relevant Commercial Court and any other documents as may be necessary to obtain the de-registration (radiation) of all pledges of business (nantissements de fonds de commerce) granted in connection with the Existing Facilities.

11. DISTRIBUTION BY ANTARGAZ

If a first Revolving Advance is to be made to the Parent on the first Drawdown Date pursuant to clause 2.2(b) (Purpose), a certified copy of shareholders' resolution of Antargaz deciding a distribution of dividends in an amount of not less than the amount of such Revolving Advance and to be paid on a date which is not later than three Business Days after the first Drawdown Date.

12. FEES

Evidence satisfactory to the Facility Agent that, upon drawdown of the first Advance, all fees payable in accordance with the Fees Letter will be paid and all stamp duty and other fees (whether in relation to filings, property transfers, security or otherwise) will be paid.

13. LETTER

The original letter referred to in clause 7.8 (Effective global rate) substantially in the form set out in schedule 8 and counter-signed on behalf of the Parent.

14. LEGAL OPINIONS

Each of the following legal opinions in agreed form:

(a) a legal opinion of Shearman & Sterling as to matters of French law relating to validity and enforceability of the Senior Finance Documents; and

- (b) a legal opinion of Linklaters as to matters of French law relating to capacity and authority in relation to the Obligors party to the Senior Finance Documents;
- (c) a legal opinion of Linklaters as to matters of Luxembourg law relating to the status, capacity and authorization of Finco in respect of its execution of the Intercreditor Agreement;
- (d) legal opinion of Ashurst Morris Crisp as to matters of English law concerning the High Yield Documents.

SCHEDULE 4
PART 1 - DRAWDOWN REQUEST - ADVANCES

To: Credit Lyonnais as Facility Agent
Attention: [_____]
From: [BORROWER/PARENT]
Date: [_____]
Dear Sirs,

RE: FACILITIES AGREEMENT DATED 26 JUNE 2003 (THE "FACILITIES AGREEMENT")

We request a Drawing of the [TERM/ REVOLVING] Facility as follows:

- (a) Amount: EUR [_____]
- (b) Currency: EUR [_____]
- (c) Drawdown Date: EUR [_____]
- (d) Interest Period: EUR [_____]
- (e) Payment should be made to: EUR [_____]
- (f) The Borrower is: EUR [_____]

We confirm that:

- (i) the representations and warranties made in clause 18 (Representations and Warranties) of the Facilities Agreement stipulated as being made or repeated on the date of this Drawdown Request are true and accurate as if made in relation to the facts and circumstances existing on that date;
- (ii) each Obligor is in full compliance with its undertakings contained in clause 19 (Undertakings) of the Facilities Agreement; and
- (iii) [no Default has occurred and is continuing or will occur as a result of the proposed Advance being made.](1) [None of the events specified in clauses 20.3(a) to 20.3(g) has occurred and is continuing.] (2)

Terms defined in the Facilities Agreement have the same meanings when used in this request.

[AUTHORISED SIGNATORY]
for and on behalf of
[BORROWER/PARENT]

- - - - -
- (1) For any other Drawdown Request than the first Drawdown Request.
 - (2) For the first Drawdown Request only.

PART 2 - DRAWDOWN REQUEST - BANK GUARANTEES

To: Credit Lyonnais as Facility Agent
Attention: [_____]
From: [BORROWER/PARENT]
Date: [_____]

Dear Sirs,

RE: FACILITIES AGREEMENT DATED 26 JUNE, 2003 (THE "FACILITIES AGREEMENT")

We request a Drawing of the Revolving Facility by way of issue of a Bank Guarantee as follows:

Amount: EUR [_____]
Currency EUR [_____]
Drawdown Date: EUR [_____]
Beneficiary: EUR [_____]
Expiry Date: EUR [_____]
Obligations to be guaranteed: EUR [_____]
The Borrower is: EUR [_____]

We confirm that:

- (i) the representations and warranties made in clause 18 (Representations and Warranties) of the Facilities Agreement stipulated as being made or repeated on the date of this Drawdown Request are true and accurate as if made in relation to the facts and circumstances existing on that date;
- (ii) each Obligor is in full compliance with its undertakings contained in clause 19 (Undertakings) of the Facilities Agreement; and
- (iii) no Default has occurred and is continuing or will occur as a result of the proposed Advance being made.

We attach the form of the proposed Bank Guarantee.

Terms defined in the Facilities Agreement have the same meanings when used in this request.

[AUTHORISED SIGNATORY]
for and on behalf of
[BORROWER/PARENT]

SCHEDULE 5
TRANSFER CERTIFICATE (3)

[(REFERRED TO IN CLAUSE 26.4 (TRANSFERS BY LENDERS))]

To: Credit Lyonnais as Facility Agent
for and on behalf of the Obligors and the Finance Parties
(each as defined in the Facilities Agreement referred to below).

This transfer certificate (this "CERTIFICATE") relates to a facilities agreement dated 26 June, 2003 between, among others, AGZ Holding (the "PARENT"), Antargaz S.A., the banks and financial institutions named in that agreement as lenders and Credit Lyonnais as Facility Agent and Security Agent (as from time to time amended the "FACILITIES AGREEMENT"). Terms defined in the Facilities Agreement shall, unless otherwise defined in this Certificate, have the same meanings when used in this Certificate.

1. TRANSFEROR CONFIRMATION AND REQUEST

[NAME OF TRANSFEROR] (the "TRANSFEROR") by its execution of this Certificate:

- (a) requests [NAME OF TRANSFEREE] (the "TRANSFEREE") to accept and procure, in accordance with clause 26.4 (Transfers by Lenders), the transfer to the Transferee of the portion of the Transferor's Commitment and participation in the Facilities (and in the Advances made by it) as specified in schedule 1 to this Certificate (the "TRANSFER RIGHTS") by counter-signing this Certificate and delivering it to the Facility Agent at its address for notices under the Facilities Agreement, so as to take effect on the date specified in schedule 2 to this Certificate (the "TRANSFER DATE"); and
- (b) confirms that the details which appear in schedule 1 to this Certificate accurately record the amount of the Transferor's Commitments and the principal amount of the Transfer Rights at the date of this Certificate.

2. TRANSFEREE REQUEST

The Transferee, by its execution of this Certificate, requests each Obligor and each Finance Party to accept this Certificate as being delivered under and for the purposes of clause 26.4 (Transfers by Lenders), so as to take effect in accordance with the terms of that clause on the Transfer Date.

3. TRANSFER FEE

The Transferee shall pay to the Facility Agent for the Facility Agent's own account a transfer fee of EUR 1,000 (VAT not included) as specified in clause 26.5 (Fee).

-
- (1) Each of the Transferor and Transferee should ensure that all regulatory requirements are satisfied in connection with its entry into of any Transfer Certificate.

4. TRANSFEREE REPRESENTATIONS

The Transferee:

- (a) confirms that it has received from the Transferor a copy of the Facilities Agreement, together with all other documents and information which it has requested in connection with the Facilities Agreement;
- (b) confirms that it has not relied, and will not after the date of this Certificate rely, on the Transferor or any other Finance Party to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any of those documents or that information;
- (c) agrees that it has not relied, and will not after the date of this Certificate rely, on the Transferor or any other Finance Party to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Parent or any other party to the Facilities Agreement;
- (d) represents and warrants to the Transferor and each other Finance Party that it has the power to become a party to the Facilities Agreement as a Lender on the terms set out in the Facilities Agreement and this Certificate and has taken all necessary steps to authorise execution and delivery of this Certificate;
- (e) acknowledges the limitations on the Transferor's obligations set out in clause 26.6 (No continuing liability); and
- (f) agrees that if any Transfer Rights are rescheduled or renegotiated, the Transferee and not the Transferor will be subject to the rescheduled or renegotiated terms.

5. TRANSFEREE COVENANTS

The Transferee undertakes with the Transferor and each other party to the Facilities Agreement that it will perform in accordance with its terms all those obligations which, by the terms of the Facilities Agreement, will be assumed by it following delivery of this Certificate to the Facility Agent.

6. EXCLUSION OF TRANSFEROR'S LIABILITIES

Neither the Transferor nor any other Finance Party makes any representation or warranty nor assumes any responsibility in relation to the legality, validity, effectiveness, adequacy or enforceability of the Senior Finance Documents and assumes no responsibility for the financial condition of the Parent or any other party to the Senior Finance Documents or for the performance and observance by the Parent or any other Obligor of any of its obligations under the Senior Finance Documents and all of those conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

7. SUBSTITUTION AND ASSUMPTION

On execution of this Certificate by the Facility Agent (on behalf of the Transferor and the Transferee), the Transferee will become a party to the Facilities Agreement on and with effect from the Transfer Date in substitution for the Transferor in relation to those rights and obligations which, by the terms of the Facilities Agreement and this Certificate, are assumed by the Transferee. A copy of this Certificate shall be notified (at the initiative and cost of the Transferee) to each Obligor through a French huissier and the Transferee shall benefit from all of the Transferor's rights under the Security Documents with respect to the Transfer Rights.

For the purposes of article 1278 of the French Civil Code, the guarantees and Security Interests created under any of Senior Finance Documents shall be preserved for the benefit of all Finance Parties including the Transferee.

8. REVOLVING COMMITMENTS

To the extent that this Certificate operates to novate Revolving Commitments, each Issuing Lender has consented to that novation in accordance with clause 26.2 (Assignments and transfers by Lenders).

9. LAW

This Certificate (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Certificate) shall be governed by and construed in accordance with French law.

IN WITNESS of which the parties to this Certificate have duly executed this Certificate on the date which appears at the end of this Certificate.

SCHEDULE 1 TO TRANSFER CERTIFICATE

Transferor's existing Term Commitment: EUR [__]
Transferor's existing Revolving Commitment: EUR [__]
Portion of Transferor's existing [Term Commitment Term Advance] to be transferred: EUR [__]
Portion of Transferor's existing Revolving Commitment to be transferred: EUR [__]
Portion of Transferor's existing Contingent Liability under any relevant Bank Guarantee to be transferred EUR [__]

[Participation in Revolving Advance(s) to be transferred (4):

Revolving Advance 1: Participation: EUR [__] Interest Period: [__] months, Maturity Date: 200[__]

Revolving Advance 2: Participation: EUR [__] Interest Period: [__] months, Maturity Date: 200[__]

[Revolving Advance [__]:] Participation: EUR [__] Interest Period: [__] months, Maturity Date: 200[__]

- - - - -
(4) Only relevant if Transfer Date is during an Interest Period.

SCHEDULE 2 TO TRANSFER CERTIFICATE
PARTICULARS RELATING TO THE TRANSFEREE

Transfer Date:
Lending Office:
Contact Name:
Account for Payments:
Address for Notices:
Telephone:
Facsimile:

SIGNATORIES TO TRANSFER CERTIFICATE

[Transferor]
By: _____
Date: [_____]

[Transferee]
By: _____
Date: [_____]

[Facility Agent]
By: _____
Date: [_____]

SCHEDULE 6
ACCESSION DOCUMENT

THIS AGREEMENT is made on [_____]

BETWEEN:

- (1) [_____] (a company incorporated in [_____] [with registered number [_____]]) (the "NEW OBLIGOR");
- (2) AGZ HOLDING (a company incorporated in France as a societe anonyme with registered number 413 765 108 RCS Paris) (the "PARENT") for itself and as agent for the existing Obligors;
- (3) Credit Lyonnais in its capacity as Facility Agent under the Facilities Agreement; and
- (4) Credit Lyonnais in its capacity as Security Agent under the Facilities Agreement.

BACKGROUND:

- (A) This agreement is entered into in connection with facilities agreement (the "FACILITIES AGREEMENT") dated 26 June, 2003 between, amongst others, (1) the Parent, (2) Antargaz, (3) Credit Lyonnais as Arranger, (4) the banks and financial institutions named in the Facilities Agreement as Lenders, (5) Credit Lyonnais as Facility Agent and Security Agent.
- (B) This agreement has been entered into to record the admission of the New Obligor as a [Borrower/ Guarantor] under the Facilities Agreement and as an Obligor under the Intercreditor Agreement.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

Words and expressions defined in the Facilities Agreement have the same meanings when used in this agreement.

2. ADMISSION OF NEW OBLIGOR

2.1 THE NEW OBLIGOR AGREES TO BECOME:

- (a) a [Borrower/ Guarantor] under the Facilities Agreement and agrees to be bound by the terms of the Credit Agreement as a [Borrower/ Guarantor]; and
- (b) an Obligor under the Intercreditor Agreement and agrees to be bound by the terms of the Intercreditor Agreement as an Obligor.

2.2 The New Obligor confirms the appointment of the Parent as its agent on the terms of clause 2.3 (Parent as Obligors' agent) of the Facilities Agreement.

2.3 The New Obligor confirms that its address details for notices in relation to clause 24 (Notices) are as follows:

Address: [_____]]
Facsimile: [_____]]
Attention of: [_____]]

2.4 The parties to this agreement other than the New Obligor confirm their acceptance of the New Obligor as a [Borrower/ Guarantor] for the purpose of the Facilities Agreement and as an Obligor for the purpose of the Intercreditor Agreement.

3. REPRESENTATIONS

The New Obligor represents and warrants in the terms set out in 18.2 (Incorporation) to 18.5 (No contravention) inclusive and in 18.7 (Consents) and acknowledges that the Facility Agent and the Security Agent enter into this Accession Document in full reliance on those representations and warranties.

4. LAW AND JURISDICTION

4.1 This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed) shall be governed by and construed in accordance with French law.

4.2 For the benefit of each Finance Party, each of the Parent and the New Obligor irrevocably submits to the jurisdiction of the Commercial Court of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining at first instance any dispute arising out of this agreement and for the purpose of enforcement of any judgement against its assets.

4.3 For the benefit of each Finance Party, the New Obligor irrevocably elects domicile with the Parent for the purposes of the Senior Finance Documents.

SIGNATORIES TO ACCESSION DOCUMENT

THE NEW OBLIGOR
[Name]

BY: _____

THE PARENT
AGZ HOLDING

BY: _____

for itself and as agent
for and on behalf of
the existing Obligors

THE FACILITY AGENT
[Name]

BY: _____

for itself and as Facility Agent
on behalf of the Lenders

THE SECURITY AGENT
[Name]

BY: _____

for itself and as Security Agent
on behalf of the Lenders

SCHEDULE 7
AUDITORS CERTIFICATE

[HEADED NOTEPAPER OF AUDITORS]

To: Credit Lyonnais as Facility Agent

For and on behalf of the Finance Parties (each as defined in the Facilities Agreement referred to below)

Dear Sirs,

This certificate (this "CERTIFICATE") relates to a facilities agreement dated 26 June, 2003 between, AGZ Holding (the "OBLIGORS"), the banks and financial institutions named in that agreement as lenders and Credit Lyonnais as Facility Agent and Security Agent (as from time to time amended, the "FACILITIES AGREEMENT"). Terms defined in the Facilities Agreement shall, unless otherwise defined in this Certificate, have the same meanings when used in this Certificate.

In accordance with clause 19.10(d)(ii) of the Credit Agreement, we hereby confirm that as at the date on which the Annual Accounts for the year ended [_____] were prepared, the Parent was in compliance with the financial covenants contained in clause 19.11 (Financial Covenants) of the Credit Agreement.

(1) LEVERAGE:

We confirm that:

- (i) as at [_____] , Total Net Debt was [_____]; and
- (ii) for the year ended [_____] , EBITDA was [_____].

Therefore, as at [_____] , the ratio of Total Net Debt to EBITDA was [_____].

(2) NET INTEREST COVER:

We confirm that:

- (i) for the year ended [_____] , EBITDA was [_____]; and
- (ii) for the year ended [_____] , Net Interest was [_____].

Therefore, as at [_____] , the ratio of EBITDA to Net Interest was [_____].

[Auditors]

SCHEDULE 8
FORM OF EFFECTIVE GLOBAL RATE LETTER

[HEADED NOTE PAPER OF CREDIT LYONNAIS]

26 June, 2003

AGZ Holding
[INSERT ADDRESS]

Dear Sirs,

SENIOR FACILITIES AGREEMENT DATED 26 JUNE, 2003 BETWEEN AMONG OTHERS AGZ HOLDING AS PARENT, CREDIT LYONNAIS AS ARRANGER, UNDERWRITER, FACILITY AGENT AND SECURITY AGENT AND THE LENDERS NAMED THEREIN PURSUANT TO WHICH THE LENDERS AGREED TO MAKE AVAILABLE TO THE BORROWERS EUR 270,000,000 IN TERM AND WORKING CAPITAL CREDIT FACILITIES (THE "FACILITIES") TO THE BORROWERS (THE "FACILITIES AGREEMENT").

Unless otherwise defined in this letter, words and expressions defined in the Facilities Agreement have the same meanings when used in this letter.

Pursuant to the terms of clause 7.8 (Effective global rate) of the Facilities Agreement, it was agreed that the effective global rate (taux effectif global) of the Facilities would be notified to the Parent by delivery of a separate letter from the Facility Agent (acting for itself and on behalf of the other Lenders) on or before the date of the Facilities Agreement.

This letter constitutes the separate letter referred to at clause 7.8 of the Facilities Agreement and constitutes an integral part of the Facilities Agreement.

We wish to draw your attention to the fact that, taking into account the nature of the provisions of the Facilities Agreement, and in particular the variability of the interest rate and the ability that you have to choose the length of Interest Periods, it is not possible to determine the exact effective global rate of the Facilities and we are asking you to acknowledge this fact by signing this letter.

However, for the purposes of articles L.313-1 to L.313-6 of the French Consumer Code (Code de la Consommation), we have calculated, by way of example, the effective global rate applicable to the Facilities on the basis of: (i) the making available of the entirety of the Facilities on the date of the Facilities Agreement and (ii) the following factors as at 26 June 2003:

- 3 months EURIBOR is [] per cent. per annum; and
- the arrangement fee and commitment fee provided for in the Facility Agreement and the estimated legal fees which relate to the transaction amount to the sums set out in a separate letter which was addressed to you today.

In application of the foregoing:

- (i) the effective global rate for the Term Facility is [__] per cent. per annum, the rate for this period being [__] per cent. and the period being of 1 month duration;
- (ii) the effective global rate for the revolving facility is [__] per cent. per annum, the rate for this period being [__] per cent. and the period being of 1 month duration.

Please acknowledge receipt of this letter by counter-signing it where indicated below.

Yours faithfully,

The Facility Agent

CREDIT LYONNAIS
(acting for itself and on behalf of the other Lenders)

Name:

The Parent

AGZ HOLDING

Name:

SCHEDULE 9
PART 1 - DISTRIBUTION COMPANIES

NAME	TYPE OF COMPANY	NUMBER
Wogegal ("WOGEGAL")	Societe anonyme	310 095 658
Gaz Est Distribution ("GAZ EST DISTRIBUTION")	Societe anonyme	421 283 615
Nord GPL ("NORD GPL")	Societe anonyme	422 265 504
Aquitaine-Pyrenees Gaz ("MIDI-PYRENEES GAZ")	Societe anonyme	410 968 770
Rhone Mediterranee Gaz - RMG ("RMG")	Societe anonyme	382 151 272

PART 2 - STORAGE AND LOGISTICS COMPANIES

NAME	TYPE OF COMPANY	NUMBER
Geovexin ("GEOVEXIN")	Societe anonyme	304 350 887
Societe Bearnaise des Gaz Liquefies ("SOBEGAL")	Societe anonyme	095 880 894
Geogaz Lavera ("GEOGAZ")	Societe anonyme	703 002 535
Floreغاز ("FLOREGAZ")	Groupement d'interets economiques	421 385 881
Societe des Gaz Liquefies de Normandie("NORGAL")	Groupement d'interets economiques	777 344 623
Societe en participation de Queven ("SP QUEVEN")	Societe en participation	Not applicable
Compagnie Bordelaise des Gaz Liquides ("COBOGAL")	Societe anonyme	456 201 011
Rhone Gaz ("RHONE GAZ")	Societe anonyme	969 507 235
Societe Industrielle des Gaz de Petrole de l'Ouest ("SIGAP OUEST")	Societe a responsabilite limitee	026 180 216
Societe en participation Bus Paris ("SEP BUS PARIS")	Societe en participation	Not applicable

SCHEDULE 10
PART 1 - SUPPLY AGREEMENTS

- (a) The supply agreement dated on or before the date of completion of the Acquisition, as amended from time to time, between Elf Antar France and the Parent for the supply by Elf Antar France to the Parent of butane and propane (the "PRINCIPAL SUPPLY AGREEMENT"), together with each document that is governed by, or entered into pursuant to that supply agreement (including the statutes of, and the internal rules governing, the Groupement Donges).
- (b) The supply agreement dated 2 April 2001, between the Parent and Antargaz, as amended from time to time, for the supply by the Parent to Antargaz of butane and propane.
- (c) The letter dated on or before the date of completion of the Acquisition from the Parent to Elf Antar France in the agreed form relating to certain circumstances in which the Parent may transfer the benefit of the Principal Supply Agreement to Antargaz.

PART 2 - OTHER MATERIAL CONTRACTS

1. NOR GAL STORAGE AGREEMENTS

The agreements relating to the storage and ancillary services provided by Norgal,, each as amended from time to time, including:

- (a) the contract governing the Groupement d' Interets Economiques Norgal and the allocation of payments to and charges to the parties to the Groupement d' Interets Economiques Norgal; and
- (b) the technical assistance agreement between Norgal and certain of its members, made between Norgal and Total Gaz dated 19 June 2000.

2. GEOGAZ STORAGE AGREEMENTS

The agreements relating to the storage and ancillary services provided by Geogaz, each as amended from time to time, including:

- (a) the agreement governing the invoicing by Geogaz to its shareholders of payments calculated on the basis of the volume made available to each of them and on their traffic accounted for according to the different means of loading and unloading by applying fixed tariffs decided upon by the Conseil d' Administration of Geogaz; and
- (b) the business and technical assistance agreement made between Geogaz and Geostock dated 28 May 1996.

3. GEOVEXIN STORAGE AGREEMENTS

The agreements relating to the storage and ancillary services provided by Geovexin, each as amended from time to time, including:

- (a) the agreement governing the allocation of payments by Geovexin to shareholders on the basis of the volume made available to them and the amount of their traffic;
- (b) the agreement on tariffs for charging made in accordance with the Geovexin shareholders agreement dated 8 August 1997;
- (c) the business and technical assistance agreement made between Geovexin and Geostock dated 27 March 1997;
- (d) the business and services agreement made between Geovexin and Elf Antar France (formerly Elf France) dated 29 June 1977;
- (e) the framework agreement on the construction of new service installations or the improvement of existing services installations which Elf makes available exclusively to Geovexin, made between Geovexin, Elf Antar France and Geostock dated 28 March 1993; and
- (f) the agreement between Geovexin and Elf Antar France (formerly Elf France) dated 26 April 1988 in relation to the lease to Geovexin of a propane pipeline.

4. OTHER

- (a) Contract for supply management and provision of storage at the Centre d' Herrlisheim made between Rhone Gaz and Antargaz dated 15 December 1997, as amended from time to time.
- (b) Contract for supply management and provision of storage at the Centre de Feyzin made between Rhone Gaz and Antargaz dated 15 December 1997, as amended from time to time.
- (c) Contract for supply management and provision of storage at the Centre de Fos sur Mer made between Rhone Gaz and Antargaz dated 15 December 1997, as amended from time to time.

SCHEDULE 11
MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, a rate (the "ADDITIONAL COST RATE") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Facility Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Advance) and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for any Lender lending from a Lending Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Advances made from that Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Lending Office.
4. The Additional Cost Rate for any Lender lending from a Lending Office in the United Kingdom will be calculated by the Facility Agent as follows:
$$E \times 0.01$$

----- per cent. per annum.
 300

Where:

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Facility Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Facility Agent pursuant to paragraph 6 below and expressed in pounds per GBP 1,000,000.
5. For the purposes of this Schedule:
 - (a) "FEES RULES" means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
 - (b) "FEE TARIFFS" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
 - (c) "TARIFF BASE" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
6. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per GBP 1,000,000 of the Tariff Base of that Reference Bank.

7. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
 - (a) the jurisdiction of its Lending Office; and
 - (b) any other information that the Facility Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.

8. The rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 6 above.
9. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 6 and 7 above is true and correct in all respects.
10. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 6 and 7 above.
11. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties.
12. The Facility Agent may from time to time, after consultation with the Parent and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties.

SIGNATORIES TO THE FACILITIES AGREEMENT

PARENT
AGZ HOLDING

By: _____

NOTICE DETAILS

Address: 43 avenue de l'Opera
75002 Paris
France
Facsimile: 33 1 55 77 91 28
Attention: Finance Director

ANTARGAZ

By: _____

NOTICE DETAILS

Address: Immeuble Les Renardieres
3, place de Saverne
92400 Courbevoie
Facsimile: 33 1 41 88 73 13
Attention: Finance Director

ARRANGER, LENDER, FACILITY AGENT AND SECURITY AGENT
CREDIT LYONNAIS

By: _____

NOTICE DETAILS

Address: Investment / Banking / DPID / Leveraged Finance
81/83, rue de Richelieu,
75002 Paris
France
Facsimile: +33 1 42 95 14 72 / 88 21
Attention: Jerome Del Ben
Brigitte Chalaud

Dated 15 January 2004

AGZ HOLDING
as Parent

ANTARGAZ

THE ENTITIES NAMED HEREIN
as Lenders

CREDIT LYONNAIS
as Mandated Lead Arranger

CREDIT LYONNAIS
as Facility Agent

CREDIT LYONNAIS
as Security Agent

AMENDMENT AGREEMENT RELATING TO A
SENIOR FACILITIES AGREEMENT DATED 26 JUNE 2003 AS AMENDED AND RESTATED

Shearman & Sterling LLP
Paris

[MAP]

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THIS AMENDMENT AGREEMENT is made on [___] January, 2004

BETWEEN:

- (1) AGZ HOLDING (a company incorporated in France as a societe anonyme with registered number 413 765 108 RCS Paris) (the "PARENT");
- (2) ANTARGAZ (a company incorporated in France as a societe anonyme with registered number 572 126 043 RCS Nanterre) ("ANTARGAZ");
- (3) CREDIT LYONNAIS as mandated lead arranger (the "ARRANGER");
- (4) THE FINANCIAL INSTITUTIONS listed in schedule 1 as Lenders;
- (5) CREDIT LYONNAIS in its capacity as facility agent for the Lenders under the Senior Finance Documents (the "FACILITY AGENT"); and
- (6) CREDIT LYONNAIS in its capacity as agent for the Finance Parties under the Security Documents (the "SECURITY AGENT").

WHEREAS:

- (A) The parties to this agreement are parties to a senior facilities agreement dated 26 June 2003 as amended and restated by (i) an amendment and restatement agreement dated 2 July 2003 and (ii) an amendment agreement dated 1 August 2003, pursuant to which the Lenders agreed to make available to the Parent a EUR 220,000,000 term facility and to the Borrowers a EUR 50,000,000 revolving facility (the "FACILITIES AGREEMENT").
- (B) The parties to this agreement have agreed to enter into this agreement in order to amend the terms of the Facilities Agreement in the manner set out below.

NOW IT IS HEREBY AGREED:

1. INTERPRETATION

In this agreement:

- (a) words and expressions defined in the Facilities Agreement shall, unless otherwise defined herein or save to the extent the context otherwise requires, have the same meaning when used herein;
- (b) the provisions of Clauses 1.2 (Construction) and 1.3 (Other References) of the Facilities Agreement will be deemed to be set out in full in this agreement, but as if references in those clauses to the Facilities Agreement were references to this agreement.

2. AMENDMENTS TO THE FACILITIES AGREEMENT

Clause 11.3(b)(i) (Change of Control) shall be amended from (and including) the date hereof:

- (a) by adding the following words and expressions in the end of paragraph (E):

" , provided however that a Change of Control will not occur in the event that a third party being neither the Parent nor any of its Subsidiaries makes the Change of Control Offer as defined in the High Yield Documents and purchases all High Yield Notes tendered under the conditions set forth in Section 4.19, and in particular paragraph (g), of the High Yield Trust Deed;"

(b) by adding the following words and expressions in the end of the last paragraph:

"and if a Change of Control is triggered by the occurrence under the High Yield Documents of a Change of Control as defined in the High Yield Documents referred to in paragraph (E) above, the date of such Change of Control shall be the date the Parent or any of its Subsidiaries makes the Change of Control Offer under the High Yield Documents or purchases all or part of the High Yield Notes."

3. STATUS OF DOCUMENTS

3.1 FACILITIES AGREEMENT

Except as varied by the terms of this agreement, the Facilities Agreement will remain in full force and effect and any reference in the Facilities Agreement to "this Agreement", "herein", "Senior Facilities Agreement" and similar references or to any provision of the Facilities Agreement will be construed as a reference to the Facilities Agreement, or that provision, as amended by this agreement.

3.2 FINANCE DOCUMENT

This agreement will constitute a Finance Document for the purposes of the Facilities Agreement.

4. REPRESENTATIONS AND WARRANTIES

4.1 RELIANCE

Each Obligor represents and warrants as set out in the following provisions of this clause 4 and acknowledges that each Finance Party has entered into this agreement and has agreed to the amendment and other matters effected by this agreement in full reliance on those representations and warranties.

4.2 POWERS AND CAPACITY

Each Obligor has the power and capacity to enter into and comply with its obligations under this agreement.

4.3 AUTHORISATION

Each Obligor has taken (or will take within any requisite time period) all necessary action:

- (a) to authorise the entry into of and compliance with its obligations under this agreement;
- (b) to ensure that its obligations under this agreement are valid, legally binding and enforceable in accordance with their terms;
- (c) to make this agreement admissible in evidence in the courts of France (other than a certified translation of this agreement into French).

4.4 NO CONTRAVENTION

The entry into by the Obligors, the exercise of its rights under and the compliance with its obligations under this agreement do not:

- (a) contravene any law, regulation, judgment or order to which any Group Company is subject;

- (b) conflict with its constitutional documents; or
- (c) breach any agreement or the terms of any consent binding upon any Group Company or any assets of any Group Company.

4.5 OBLIGATIONS BINDING

The obligations expressed to be assumed by the Obligors under this agreement constitute or when executed will constitute its valid and legally binding obligations and are enforceable in accordance with their terms (subject to any applicable insolvency, bankruptcy or similar laws affecting creditors' rights generally).

4.6 CONSENTS

All consents and filings required for the entry into of this agreement and the performance by the Obligors of their obligations hereunder have been obtained (or, where applicable, will be obtained within the required time period) and are in full force and effect.

4.7 NO DEFAULT

- (a) No Default has occurred and is continuing.
- (b) No event is continuing which constitutes a default under any agreement or document to which any Group Company is party, the consequence of which could reasonably be expected to have a Material Adverse Effect.

5. INVALIDITY OF ANY PROVISION

If any provision of this agreement is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

6. GOVERNING LAW AND SUBMISSION TO JURISDICTION

6.1 GOVERNING LAW

This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement) shall be governed by, and construed in accordance with, French law.

6.2 SUBMISSION TO JURISDICTION

For the benefit of each Finance Party, each Obligor irrevocably submits to the jurisdiction of the Commercial Courts of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining any dispute arising out of this agreement and for the purpose of enforcement of any judgement against its assets.

Executed on the date first written above, in six (6) original copies.

THE PARENT

AGZ HOLDING

By: _____

ANTARGAZ

By: _____

ARRANGER, LENDER, FACILITY AGENT AND SECURITY AGENT

CREDIT LYONNAIS

By: Jerome Del Ben

SCHEDULE 1

LENDERS

Credit Lyonnais S.A.
BNP Paribas
Credit Industriel et Commercial
Deutsche Bank AG, London
ING Bank (France) SA
Sumitomo Mitsui Banking Corporation
WestLB AG
AIB Capital Markets plc
Bank of Scotland
CDC IXIS
Compagnie Financiere du Credit Mutuel
Credit Agricole d'Ile de France
Credit du Nord
IKB Deutsche Industriebank AG
Lloyds TSB Bank PLC, Brussels Branch

Dated 7 July 2003

AGZ HOLDING
as Pledgor

CREDIT LYONNAIS
as Security Agent

and

THE SENIOR LENDERS

PLEDGE OF FINANCIAL INSTRUMENTS ACCOUNT
RELATING TO FINANCIAL INSTRUMENTS
HELD BY AGZ HOLDING IN ANTARGAZ

Shearman & Sterling LLP
Paris

[MAP]

THIS PLEDGE OF FINANCIAL INSTRUMENTS ACCOUNT (THE "PLEDGE") IS MADE ON 7 JULY 2003

BETWEEN:

- (1) AGZ HOLDING, a French societe anonyme, registered with number 413 765 108 RCS Paris, and having its registered office at 43 avenue de l'Opera, 75002 Paris, France;

(hereinafter referred to as the "PLEDGOR");

- (2) CREDIT LYONNAIS, a societe anonyme, registered with number 954 509 741 RCS Lyon, and having its registered office at 18 rue de la Republique, 69002 Lyon and its head office at 19 boulevard des Italiens, 75002 Paris, acting in its capacity as Security Agent under the Senior Facilities Agreement;

(hereinafter referred to as the "SECURITY AGENT");

- (3) The banks and financial institutions named in schedule 1 (the "ORIGINAL SENIOR LENDERS") and any bank or financial institution which may from time to time become a Lender under the Senior Facilities Agreement;

(hereinafter, together, referred to as the "SENIOR LENDERS").

WHEREAS:

- (A) Pursuant to a facilities agreement (hereinafter, as amended and restated from time to time, and in particular pursuant to an amendment and restatement agreement dated 2 July 2003, the "SENIOR FACILITIES AGREEMENT"), dated 26 June 2003 and entered into between, among others, (i) the Pledgor as the Parent, Borrower and Guarantor, (ii) the Original Senior Lenders and (iii) Credit Lyonnais as Mandated Lead Arranger, Facility Agent and Security Agent, the Original Senior Lenders have agreed to make E 270,000,000 term and revolving credit facilities available to the Borrowers (the "SENIOR FACILITIES").
- (B) The Pledgor is a Borrower and a Guarantor under the Senior Facilities Agreement.
- (C) Under the provisions of the Finance Documents, it has been agreed that certain of the Senior Lenders will act as hedging lenders (the "HEDGING LENDERS") by entering into hedging agreements (the "HEDGING AGREEMENTS"), inter alia, to hedge interest rate liabilities of the Parent under the Senior Finance Documents.
- (D) Pursuant to an intercreditor agreement dated 7 July 2003 between, among others (i) the Pledgor, (ii) the Senior Lenders and (iii) certain other parties named therein (as amended and restated from time to time, the "INTERCREDITOR AGREEMENT"), the parties to the Intercreditor Agreement have agreed, inter alia, that all proceeds realised as a result of the exercise of security by the Security Agent should be applied in accordance with an order of priority agreed between the parties thereto.
- (E) It is a condition precedent to the availability of the Senior Facilities that the Pledgor grant in favour of the Beneficiaries a pledge over the Account.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Pledge

"ACCOUNT" means the "Compte special" opened with the Company in the name of the Pledgor as identified in the Declaration de Gage and on which the Financial Instruments are registered and which indicates the pledge hereunder in favour of the Beneficiaries;

"ARTICLE L. 431-4" means article L. 431-4 of the French Monetary and Financial Code (Code Monetaire et Financier);

"BENEFICIARIES" means the entities identified in paragraph III of the Declaration de Gage;

"BORROWER" means a Borrower under, and as defined in, the Senior Facilities Agreement;

"COMPANY" means Antargaz, a French societe anonyme with a share capital of E 3,935,349, registered with number 572 126 043 RCS Nanterre and having its registered office at Immeuble Les Renardieres - 3 place de Saverne, 92400 Courbevoie, France;

"DECLARATION DE GAGE" has the meaning which is given to it in clause 2.4 of this Pledge.

"DISCHARGE DATE" means the date on which all of the Secured Liabilities have been irrevocably and unconditionally discharged in full and none of the Beneficiaries has any continuing obligation to any company in the Group under or in connection with any of the Finance Documents;

"EVENT OF DEFAULT" means an event defined as an Event of Default in the Senior Facilities Agreement;

"FINANCIAL INSTRUMENTS" means 516,440 ordinary shares of the Company held by the Pledgor and any financial instruments or cash substituted therefor in accordance with the terms of this Pledge;

"GUARANTOR" has the meaning given to it in the Senior Facilities Agreement;

"HEDGING LIABILITIES" means Hedging Debt, as defined in the Intercreditor Agreement;

"SECURED LIABILITIES" means all money and liabilities now or hereafter due, owing or incurred to the Beneficiaries (or any of them) by the Pledgor under the Senior Finance Documents (or any of them), and under this Pledge in whatsoever manner in any currency or currencies whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety together with all interest accruing thereon and all costs, charges and expenses incurred in connection therewith;

"SECURITY PERIOD" means the period beginning on the date hereof and ending on the Discharge Date; and

"SENIOR FINANCE DOCUMENTS" has the meaning given to it in the Intercreditor Agreement.

- 1.2 Capitalised terms used in this Pledge (including the Recitals) and not otherwise defined herein shall have the meaning ascribed thereto in the Intercreditor Agreement.
2. PURPOSE
- 2.1 As security for the repayment, discharge and performance of all the Secured Liabilities, the Pledgor hereby pledges the Account in favour of the Beneficiaries.
- 2.2 (a) In accordance with Article L. 431-4, the Financial Instruments shall at all times include all of the Pledgor's rights, title, benefit and interest in all securities which may be substituted for or received in respect of the Financial Instruments, following or in connection with, without limitations, exchanges, regroupings, splits, bonus issues, subscriptions for cash or otherwise, and such securities shall automatically be recorded on the Account without these operations giving rise to a novation (novation) of the rights and security the Security Agent holds under this Pledge, in any way whatsoever.
- (b) More generally, the Pledge shall extend to all stocks, Financial Instruments, debentures, bonds, warrants, coupons or any other securities issued by the Company of which the Pledgor may become the holder at any time on any terms whatsoever.
- 2.3 (a) As an exception to clause 2.2 above and notwithstanding Article 2081 of the French Civil Code and Article L. 431-4, until an Event of Default shall have occurred, the Pledgor shall have the right to receive all and any payments and distributions made by the Company in respect of the Financial Instruments and all such distributions shall be paid to the Pledgor and shall not be paid to the Account.
- (b) At any time after an Event of Default and upon notice from the Security Agent to the Company and the Pledgor, all distributions received or to be received by the Pledgor and all rights of the Pledgor to receive distributions in respect of the Financial Instruments shall be paid to an account designated in writing by the Security Agent to the Company and the Pledgor.
- 2.4 The Pledgor shall take all necessary steps requested by the Security Agent (including, without limitation, signature of the "Declaration de Gage de compte d'instruments financiers" in the form set out in schedule 2) (the "DECLARATION DE GAGE"), as soon as possible, so that following execution of this Pledge:
- (a) the Financial Instruments are transferred to the Account indicating the pledge in favour of the Beneficiaries;
- (b) the pledge granted over the Account under this Pledge is registered in the share transfer register of the Company; and
- (c) an "Attestation de constitution de gage de compte d'instruments financiers" in the form set out in schedule 4 is delivered by the Company to the Security Agent.
- 2.5 The pledge granted to the Beneficiaries under this Pledge is also granted, in accordance with the provisions of Article 1121 of the French Civil Code, in favour of the Hedging Lenders which, from the time of execution of the Hedging Agreements, will be considered as a Beneficiary of the Pledge without any formality other than the execution of a new Declaration de Gage indicating,

in addition to the information appearing in schedule 2, the identity of the Hedging Lenders and the Hedging Liabilities secured.

3. REPRESENTATIONS AND WARRANTIES

The Pledgor represents and warrants to the Security Agent and to each of the Beneficiaries as at the date hereof and for the duration of the Security Period, that:

- (a) the Financial Instruments are registered, have been fully paid up, represent (as of the date of this Pledge) 99.99% of the Company's share capital and will continue to represent at all times (provided such reduction is authorised pursuant to the Finance Documents) at least 95.00% of the Company's share capital;
- (b) it is the owner of the Account and the registered owner of the Financial Instruments and it has not created, incurred or permitted to subsist any Security Interest or other encumbrance whatsoever over the Account or the other than the Security Interest granted pursuant to this Pledge;
- (c) there is no purchase option outstanding or in existence in relation to all or part of the Financial Instruments, no scheme exists for the purchase or subscription of Financial Instruments in the Company, and more generally there exists no agreement by which the Company has undertaken to issue new Financial Instruments or securities giving access to the share capital of the Company, all except as permitted under the Finance Documents;
- (d) the Pledge has been approved by the Company pursuant to a board resolution dated 18 June 2003;
- (e) there is no shareholders' agreement, pre-emption clause nor any other agreement or clause which would prevent the performance of this Pledge in accordance with its terms;
- (f) the payment of, or the provision of security for, the Secured Liabilities by the Pledgor does not require any authorisation of any authority whatsoever, including, without limitation, from the administrative bodies of the Pledgor other than those previously obtained and no authorisation from the administrative bodies of the Pledgor or of the Company or of any authority whatsoever is required for the enforcement of this Pledge; and
- (g) this Pledge is valid and enforceable in accordance with its terms and creates a pledge ranking above the rights that any other person may have over the Account or the Financial Instruments or over the proceeds of any sale of the Financial Instruments.

4. UNDERTAKINGS

4.1 For the duration of the Security Period, the Pledgor undertakes:

- (a) not to transfer nor to sell the Financial Instruments, or any of them, without the prior written consent of the Security Agent acting on behalf of the Beneficiaries;

- (b) not to create, incur or permit to subsist any Security Interest or encumbrance of any sort whatsoever over the Account or the Financial Instruments other than in favour of the Beneficiaries;
- (c) save as otherwise permitted by the Finance Documents, to procure that the Company shall not issue new Financial Instruments and more generally to procure that the Company shall not change its share capital;
- (d) to the extent permitted under French law, not to exercise the voting rights or to pass any resolutions attached to the Financial Instruments which may adversely change the terms of the Financial Instruments (or any class of them) or prejudice the Security Interest created hereunder; and
- (e) to take any action, carry out any formalities and more generally do anything the Security Agent may reasonably consider necessary in order to permit the Security Agent or the other Beneficiaries to exercise, at any time, the rights and claims which it or the other Beneficiaries hold by virtue of this Pledge.

4.2 Notwithstanding anything contained herein, the Pledgor shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of the Financial Instruments and the Account and none of the Beneficiaries shall be required in any manner to perform or fulfil any obligation of the Pledgor in respect of the Financial Instruments of the Account or to make any payment received by them, or to receive any enquiry as to the nature or sufficiency of any payment received by them, or to present or to file any claim or take any other action to collect or enforce the payment of any amount to which they may have been or to which they may be entitled hereunder at any time or times.

5. ENFORCEMENT

Following the occurrence of an Event of Default and without prejudice to any other right or action whatsoever which may be exercised or taken independently or concurrently, the Security Agent, acting on behalf of the Beneficiaries, may enforce its rights under the Pledge up to the limit of the Secured Liabilities in accordance with article L. 521-3 of the Code de Commerce and article 2078 of the French Civil Code.

6. DURATION

6.1 This Pledge shall remain in full force and effect throughout the Security Period.

6.2 The Security Agent acting upon instructions of the Beneficiaries undertakes to procure the release of the Pledge on or as soon as practicable after the Discharge Date.

7. NOTICE

Except as specifically provided otherwise in this Pledge, any notice, demand or other communication to be served under or in connection with this Pledge shall be made in accordance with clause 18 (Notices) of the Intercreditor Agreement.

8. MISCELLANEOUS

- 8.1 This Pledge does not exclude or limit in any way the other rights of the Security Agent or the other Beneficiaries and does not affect the nature or the extent of the liabilities which have been or which may exist between the Pledgor and the Security Agent or the other Beneficiaries.
- 8.2 Where any clause of this Pledge shall be or become illegal, invalid or unenforceable it is agreed that the other provisions of this Pledge shall remain legal, valid and enforceable against the parties to this Pledge independently of the said illegal, invalid or unenforceable clauses.
- 8.3 No payment to the Security Agent and/or the other Beneficiaries whether under any judgment or court order or otherwise shall discharge the obligation or liability of the Pledgor unless and until the Security Agent and/or the other Beneficiaries shall have received payment in full in the currency in which the obligation or liability was incurred and to the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability expressed in that currency the Security Agent and/or the other Beneficiaries shall have a further cause of action against the Pledgor to recover the amount of the shortfall.
- 8.4 In the event of a transfer by way of a novation of all or part of the rights and obligations by the Beneficiaries under any Senior Finance Document, the Beneficiaries expressly reserve (and all the parties to this Pledge expressly agree to that), the rights, powers, privileges and actions that they enjoy under this Pledge in favour of their successors, in accordance with the provisions of articles 1278 and following of the French Civil Code.

9. EXPENSES

The Pledgor will promptly following demand pay to each of the Security Agent and/or the other Beneficiaries any expense (including legal fees and other out of pocket expenses and any Taxes thereon) or loss which the Security Agent and/or the other Beneficiaries may have properly incurred in connection with the preservation, enforcement or attempted preservation or enforcement of, the Security Agent's or the other Beneficiaries rights under, this Pledge including any present or future stamp or other taxes or duties and any penalties or interest with respect thereto which may be imposed by any competent jurisdiction in connection with the execution or enforcement of this Pledge all upon presentation of duly documented evidence.

10. FURTHER ASSURANCES

The Pledgor agrees that from time to time, at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that the Security Agent may reasonably request, in order to perfect and protect any Security Interest granted or purported to be granted hereby or to enable the Security Agent to exercise and enforce its rights and remedies hereunder with respect to the Account.

11. APPLICABLE LAW AND JURISDICTION

- 11.1 This Pledge shall be governed by and construed in all respects in accordance with French law.
- 11.2 Any dispute arising out of or in connection with this Pledge shall be submitted to the Commercial Court of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining at first instance any dispute arising out of this Pledge.

Made in three (3) originals on 7 July 2003.

THE PLEDGOR:
AGZ HOLDING

THE SECURITY AGENT:
CREDIT LYONNAIS

Acting by : _____
Name: Herve Couffin or any duly empowered
person under a power of attorney
Title: Chairman of the board
Address 43, avenue de l'Opera
75002 Paris, France

Fax: +33 1 41 88 73 15

For the attention of Priscille Magnan

Acting by : _____
Name: Jacques Pochon
Title: Head of Acquisition Finance France
Address Investment/Banking/DPID/
Leveraged Finance
81/83, rue de Richelieu
75002 Paris, France

Fax: + 33 1 42 95 14 72 / 88 21

For the attention of Jerome Del Ben
/ Brigitte Chalaud

THE ORIGINAL SENIOR LENDERS:
CREDIT LYONNAIS

Acting by : _____
Name: Jacques Pochon
Title: Head of Acquisition Finance France
Address Investment/Banking/DPID/
Leveraged Finance
81/83, rue de Richelieu
75002 Paris, France

Fax: + 33 1 42 95 14 72 / 88 21

For the attention of Jerome Del Ben
/ Brigitte Chalaud

SCHEDULE 1

THE SENIOR LENDERS

CREDIT LYONNAIS, 18, rue de la Republique, 69002 Lyon, France

SCHEDULE 2

DECLARATION DE GAGE DE COMPTE D'INSTRUMENTS FINANCIERS
SOUmise A L'ARTICLE L. 431-4 DU CODE MONETAIRE ET FINANCIER

La presente declaration de gage de compte d'instruments financiers est emise conformement a, et selon les termes et conditions stipules dans un acte de nantissement de compte d'instruments financiers en langue anglaise denomme Pledge of Financial Instruments Account en date de ce jour (ci-apres l'"ACTE DE NANTISSEMENT"), dont une copie figure en annexe B de la presente declaration et qui fait partie integrante de la presente declaration

Les termes et expressions en anglais utilises dans la presente declaration de gage auront, sauf stipulation contraire, la signification qui leur est attribuee a l'Acte de Nantissement.

I. CONSTITUANT DU GAGE

Nom	AGZ Holding, societe anonyme de droit francais dont le siege social est au 43, avenue de l'Opera, 75002 Paris et dont le numero unique d'identification est le 413 765 108 RCS Paris.
Designation du teneur de compte	Antargaz, societe anonyme au capital de E 3.935.349, dont le siege social est situe Immeuble Les Renardieres - 3, place de Saverne, 92400 Courbevoie, France et dont le numero unique d'identification est le 572 126 043 RCS Nanterre.

II. COMPTE D'INSTRUMENTS FINANCIERS CONSTITUE EN GAGE

Identification du Compte d'Instruments Financiers	Compte special n degrees [] Bis ouvert ce jour au nom du Constituant du Gage.
Nombre d'actions creditees au compte	516.440 actions, representant 99,99 % du capital d'Antargaz.
Nature des actions	actions nominatives d'une valeur nominale de sept euros soixante-deux centimes (E 7,62) chacune.
Emetteur	Antargaz, societe anonyme au capital de E 3.935.349, dont le siege social est situe Immeuble Les Renardieres - 3, place de Saverne, 92400 Courbevoie, France et dont le numero unique d'identification est le 572 126 043 RCS Nanterre.

III. BENEFICIAIRES

(1) Les banques et etablisements financiers assimiles definis a l'Acte de Nantissement sous le vocable Senior Lenders et dont la liste a la date des presentes figure en annexe A a la presente declaration, ainsi que toute personne acquerant a quelque titre que ce soit la qualite de Lender au titre du Senior Facilities Agreement;

- (2) Credit Lyonnais, ayant son siege social 18 rue de la Republique, 69002 Lyon et son siege central 19 boulevard des Italiens, 75002 Paris, immatricule sous le numero 954 509 741 RCS Lyon, agissant tant en son nom qu'au nom et pour le compte des personnes visees au (1) ci-dessus en sa qualite de Security Agent aux termes du Senior Facilities Agreement; et
- (3) Credit Lyonnais, ayant son siege social 18 rue de la Republique, 69002 Lyon et son siege central 19 boulevard des Italiens, 75002 Paris, immatricule sous le numero 954 509 741 RCS Lyon, agissant tant en son nom qu'au nom et pour le compte des personnes visees au (1) ci-dessus en sa qualite de Facility Agent aux termes du Senior Facilities Agreement.

IV. OBLIGATIONS GARANTIES

Les obligations garanties sont les obligations definies sous l'expression Secured Liabilities dans l'Acte de Nantissement, a savoir les obligations de paiement et de remboursement du Constituant pris en ses qualites de Borrower et de Guarantor au titre des documents definis sous l'expression Senior Finance Documents dans l'Acte de Nantissement, tels que pouvant etre ulterieurement modifies ou amendes, a concurrence d'un montant maximum de E 270,000,000 en principal au titre du Senior Facilities Agreement, majore dans tous les cas des interets, interets de retard, commissions, frais et accessoires quelconques ainsi que de toutes autres sommes pouvant etre dues aux Beneficiaires susvises au titre desdits Senior Finance Documents.

Fait a Paris

Le 7 juillet 2003 en trois (3) exemplaires originaux

Pour constitution du Gage

AGZ HOLDING S.A.

Nous accusons reception de la declaration de gage de compte d'instruments financiers en date de ce jour et acceptons les termes des missions qui nous sont confiees en qualite de Teneur de Compte aux termes de la presente declaration de gage de compte d'instruments financiers et de l'Acte de Nantissement

ANTARGAZ S.A.

Par: _____
Nom: Herve Couffin ou toute
personne qu'il se serait
substituee en vertu d'un pouvoir
Titre: President du conseil
d'administration

Par: _____
Nom: Francois Varagne ou toute personne
qu'il se serait substituee en vertu d'un
pouvoir
Titre: President du conseil d'administration

ANNEXE A
SENIOR LENDERS

CREDIT LYONNAIS, 18, rue de la Republique, 69002 Lyon, France

ANNEXE B
ACTE DE NANTISSEMENT

SCHEDULE 3

DECLARATION OF PLEDGE OF A FINANCIAL INSTRUMENTS ACCOUNT
IN ACCORDANCE WITH ARTICLE L. 431-4 OF THE FRENCH MONETARY AND FINANCIAL CODE

This declaration of pledge of a financial instruments account is issued in accordance with and pursuant to the terms and conditions of a pledge of financial instruments account of today's date drafted in English and entitled "Pledge of Financial Instruments Account" (the "PLEDGE"), a copy of which is attached as schedule B to this declaration and which constitutes an integral part of this declaration.

Terms and expressions defined in the Pledge shall, save to the extent that the context otherwise requires, have the same meanings when used in this declaration.

I. IDENTITY OF PLEDGOR

Name	AGZ Holding, a societe anonyme incorporated under the laws of France and having its registered office at 43, avenue de l'Opera, 75002 Paris, France and whose registered number is 413 765 108 RCS Paris.
Name of the account holder	Antargaz a French societe anonyme with a share capital of E 3,935,349 having its registered office at Immeuble Les Renardieres - 3, place de Saverne, 92400 Courbevoie, France, and whose registered number is 572 126 043 RCS Nanterre.

II. FINANCIAL INSTRUMENTS ACCOUNT SUBJECT TO THE PLEDGE

Description of Financial Instruments Account	Special account No [__] Bis opened at the date hereof in the name of the Pledgor
Number of Financial Instruments in Account	516,440 shares representing 99.99 per cent. of the share capital of Antargaz
Type of Financial Instruments	registered shares of a nominal par value of E7.62 each.
Issuer of the Financial Instruments	Antargaz a French societe anonyme with a share capital of E 3,935,349 having its registered office AT Immeuble Les Renardieres - 3, place de Saverne, 92400 Courbevoie, France, and whose registered number is 572 126 043 RCS Nanterre.

III. BENEFICIARIES

- (1) The banks and financial institutions defined as Senior Lenders in the Pledge namely, all those banks and financial institutions which are Senior Lenders at the time of this declaration, as set out in the list attached as schedule A to this declaration and any other person that becomes a Lender under the Senior Facilities Agreement;
- (2) Credit Lyonnais, having its registered office at 18 rue de la Republique, 69002 Lyon and its head office at 19 boulevard des Italiens, 75002 Paris and registered with number 954 509 741 RCS Lyon, acting for itself and in the name of and on behalf of the persons named in (1) above as Security Agent under the Senior Facilities Agreement; and
- (3) Credit Lyonnais, having its registered office at 18 rue de la Republique, 69002 Lyon and its head office at 19 boulevard des Italiens, 75002 Paris and registered with number 954 509 741 RCS Lyon, acting for itself and in the name of and on behalf of the persons named in (1) above as Facility Agent under the Senior Facilities Agreement.

IV. SECURED OBLIGATIONS

The secured obligations are the obligations of the Pledgor, as defined under the term "Secured Liabilities" in the Pledge undertaken in its capacity as Borrower and Guarantor under the Senior Finance Documents (as defined in the Pledge), which documents are subject to subsequent amendment, up to a maximum principal amount of E 270,000,000 pursuant to the Senior Facilities Agreement as well as any interest, commission, or additional costs or any other sums due to the Beneficiaries under the Senior Finance Documents.

7 July 2003 in three (3) originals in order to constitute the Pledge

AGZ HOLDING S.A.

We acknowledge receipt of this declaration of pledge of financial instruments account of today's date and undertake to carry out our responsibilities as account holder (teneur de compte) in accordance with the terms of this declaration of pledge of financial instruments account and the Pledge.

ANTARGAZ S.A.

By: _____
Name: Herve Couffin or any duly empowered person under a power of attorney
Title: Chairman of the board

By: _____
Name: Francois Varagne or any duly empowered person under a power of attorney
Title: Chairman of the board

SCHEDULE 4

ATTESTATION DE CONSTITUTION DE GAGE DE
COMPTE D'INSTRUMENTS FINANCIERS

La soussignée atteste par les présentes que (i) 516.440 actions émises par Antargaz S.A. détenues par AGZ Holding S.A. et désignées dans la déclaration de gage de compte d'instruments financiers en date du 7 juillet 2003 signée par AGZ Holding S.A., ont été virées sur un compte spécial numéro [] Bis ouvert au nom de AGZ Holding S.A. et (ii) ledit compte est nanti en faveur des Bénéficiaires (tel que ce terme est défini dans la déclaration de gage d'instruments financiers) et porte la mention expresse dudit gage. Une copie de ladite déclaration de gage d'instruments financiers est annexée à la présente Attestation de Constitution de Gage d'Instruments Financiers.

Fait à Paris

Le 7 juillet 2003

Pour Antargaz

Par: _____
Nom: François Varagne ou toute personne
qu'il se serait substituée en vertu d'un pouvoir
Titre: Président du conseil d'administration

SCHEDULE 5

CERTIFICATE OF REGISTRATION OF A PLEDGE
OF FINANCIAL INSTRUMENTS ACCOUNT

The undersigned hereby certifies that (i) 516,440 shares issued by Antargaz S.A. and held by AGZ Holding S.A. as identified in the declaration of pledge of financial instruments account date 7 July 2003 signed by AGZ Holding S.A., have been transferred into a special account number [] Bis opened in the name of AGZ Holding S.A. and (ii) the said account is pledged in favour of the Beneficiaries (as defined in the declaration of pledge of financial instrument accounts) and that such pledge has been duly registered. A copy of the pledge of financial instruments account is attached as a schedule to this certificate of registration of a pledge of financial instruments.

Paris,

7 July 2003

For and on behalf of Antargaz

By: _____
Name: Francois Varagne or any duly
empowered person under a power of attorney
Title: Chairman of the board

Dated 7 July 2003

ANTARGAZ
as Pledgor

CREDIT LYONNAIS
as Security Agent

and

THE REVOLVING LENDERS

PLEDGE OF FINANCIAL INSTRUMENTS ACCOUNTS
RELATING TO FINANCIAL INSTRUMENTS
HELD BY ANTARGAZ IN CERTAIN SUBSIDIARY COMPANIES

Shearman & Sterling LLP
Paris

[GRAPHIC]

THIS PLEDGE OF FINANCIAL INSTRUMENTS ACCOUNT (THE "PLEDGE") IS MADE ON 7 JULY 2003.

BETWEEN:

- (1) ANTARGAZ, a French societe anonyme with a share capital of E3,935,349, having its registered office at Immeuble Les Renardieres - 3, Place de Saverne, 92400 Courbevoie, France and registered in France with number 572 136 043 RCS Nanterre;

(hereinafter referred to as the "PLEDGOR");

- (2) CREDIT LYONNAIS, a societe anonyme, registered with number 954 509 741 RCS Lyon, and having its registered office at 18 rue de la Republique, 69002 Lyon and its head office at 19 boulevard des Italiens, 75002 Paris, acting in its capacity as Security Agent under the Senior Facilities Agreement;

(hereinafter referred to as the "SECURITY AGENT");

- (3) The Banks and Financial Institutions named in schedule 1 (the "ORIGINAL REVOLVING LENDERS") and any bank or financial institution which may from time to time become a Revolving Lender under the Senior Facilities Agreement;

(hereinafter referred to as the "REVOLVING LENDERS").

WHEREAS:

- (A) Pursuant to a facilities agreement (hereinafter as amended and restated from time to time, and in particular pursuant to an amendment and restatement agreement dated 2 July 2003, the "SENIOR FACILITIES AGREEMENT"), dated 26 June 2003 and entered into between, among others, (i) AGZ Holding as Parent (the "PARENT"), (ii) the persons named therein as Borrowers and/or Guarantors, (iii) the persons named therein as Lenders and (iv) Credit Lyonnais as Mandated Lead Arranger, Facility Agent and Security Agent, the Original Revolving Lenders agreed to make available a revolving credit facility up to a maximum aggregate principal amount of E50,000,000 (the "REVOLVING FACILITY");
- (B) The Pledgor is a party to the Senior Facilities Agreement as Borrower and Guarantor under the Revolving Facility;
- (C) It is a condition precedent to the availability of the Revolving Facility that the Pledgor grant in favour of the Beneficiaries a pledge over the Accounts.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Pledge

"ACCOUNT" means the "Compte special" opened in the name of the Pledgor in the books of each of the Companies as identified in each Declaration de Gage and on which the Financial Instruments held by the Pledgor in the relevant Company are registered and which indicates the pledge hereunder in favour of the Beneficiaries and "Accounts" means all of them;

"BENEFICIARIES" means the entities identified in paragraph III of each Declaration de Gage;

"BORROWER" means a Borrower under, and as defined in, the Senior Facilities Agreement;

"COMPANY" means each company listed in schedule 2 and "Companies" means all of them;

"DECLARATION DE GAGE" has the meaning which is given to it in clause 2.4 of this Pledge;

"DISCHARGE DATE" means the date on which all of the Secured Liabilities have been irrevocably and unconditionally discharged in full and none of the Beneficiaries has any continuing obligation to any company in the Group under or in connection with the Revolving Facility;

"DISTRIBUTION COMPANIES" has the meaning given to it in the Senior Facilities Agreement;

"EVENT OF DEFAULT" means an event defined as an Event of Default in the Senior Facilities Agreement;

"FINANCIAL INSTRUMENTS" means, (a) in respect of each Distribution Company, the number of shares (as set out opposite the name of that Company in schedule 2 of this Pledge) equal to the total number of shares held by the Pledgor in that Company minus a maximum of five (5) shares, (b) in respect of each company other than a Distribution Company, the number of shares equal to the total number of shares held by the Pledgor in that Company (as set out opposite the name of that Company in schedule 2 of this Pledge) and (c), in any event, any financial instruments or cash which supplement those shares or are substituted therefor in accordance with this Pledge;

"GUARANTOR" has the meaning given to it in the Senior Facilities Agreement;

"ARTICLE L. 431-4" means article L. 431-4 of the French Financial and Monetary Code (Code Monetaire et Financier);

"SECURED LIABILITIES" means all money and liabilities now or hereafter due, owing or incurred to the Beneficiaries (or any of them) by the Pledgor under the Senior Finance Documents (or any of them), and under this Pledge in whatsoever manner in any currency or currencies whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety together with all interest accruing thereon and all costs, charges and expenses incurred in connection therewith;

"SECURITY PERIOD" means the period beginning on the date hereof and ending on the Discharge Date; and

"SENIOR FINANCE DOCUMENTS" has the meaning given to it in the Intercreditor Agreement.

Capitalised terms used in this Pledge (including the Recitals) and not otherwise defined herein shall have the meaning ascribed thereto in the Intercreditor Agreement (as defined in the Senior Facilities Agreement).

2. PURPOSE

- 2.1 As security for the repayment, discharge and performance of all the Secured Liabilities, the Pledgor hereby pledges each of the Accounts in favour of the Beneficiaries.

- 2.2 (a) In accordance with Article L. 431-4, each of the Financial Instruments shall at all times include all of the Pledgor's rights, title, benefit and interest in all securities which may be substituted for or received in respect of the relevant Financial Instruments, following or in connection with, without limitation, exchanges, regroupings, splits, bonus issues, subscriptions for cash or otherwise, and such securities shall automatically be recorded on the relevant Account without these operations giving rise to a novation (novation) of the rights and security the Security Agent holds under this Pledge, in any way whatsoever.
- (b) More generally, this Pledge shall extend to all stocks, Financial Instruments, debentures, bonds, warrants, coupons or any other securities issued by each of the Companies of which the Pledgor may become the holder at any time on any terms whatsoever.
- 2.3 (a) As an exception to clause 2.2 above and notwithstanding Article 2081 of the French Civil Code and Article L. 431-4, until an Event of Default shall have occurred, the Pledgor shall have the right to receive all and any payments and distributions made by each of the Companies in respect of the relevant Financial Instruments and all such distributions shall be paid to the Pledgor and shall not be paid to the relevant Account.
- (b) At any time after an Event of Default and upon notice from the Security Agent to the relevant Company and the Pledgor, all distributions received or to be received by the Pledgor and all rights of the Pledgor to receive distributions in respect of the Financial Instruments issued by that Company shall be paid to an account designated in writing by the Security Agent to the relevant Company and the Pledgor.
- 2.4 The Pledgor shall take all necessary steps requested by the Security Agent (including, without limitation, signature of a "Declaration de Gage de compte d'instruments financiers" in the form set out in schedule 3 in relation to each Company) (each a "DECLARATION DE GAGE") as soon as possible, so that following execution of this Pledge:
- (a) the Financial Instruments are transferred to the relevant Account opened in the name of the Pledgor with the relevant Company and indicating the pledge in favour of the Beneficiaries; and
- (b) the pledge granted over each of the Accounts under this Pledge is registered in the share transfer register of the relevant Company;
- (c) an "Attestation de constitution de gage de compte d'instruments financiers" in the form set out in schedule 5 is delivered by each Company to the Security Agent.

3. REPRESENTATIONS AND WARRANTIES

The Pledgor represents and warrants to the Security Agent and to each of the Beneficiaries as at the date hereof and for the duration of the Security Period, that:

- (a) the Financial Instruments are registered, have been fully paid up, and:
- (i) with regard to Distribution Companies only, represent at the date hereof the percentage of the share capital of each such Company as indicated in schedule 2 and will at all time represent at least 95% of the share capital of each such Company; and

- (ii) with regard to Companies other than Distribution Companies, represent at the date hereof the percentage of the share capital of each such Company as indicated in schedule 2 or such other percentage as may apply from time to time (and as indicated to the Security Agent);
- (b) it is the owner of the Accounts and the registered owner of the Financial Instruments and it has not created, incurred or permitted to subsist any Security Interest or other encumbrance whatsoever over the Accounts (or any of them) or the Financial Instruments (or any of them) other than the Security Interest granted pursuant to this Pledge;
- (c) with regard to Distribution Companies only, there is no purchase option outstanding or in existence in relation to all or part of the Financial Instruments, no scheme exists for the purchase or subscription of Financial Instruments in such Companies (or any of them), and more generally there exists no agreement by which any such Company has undertaken to issue new financial instruments or securities giving access to the share capital of that Company, all except as permitted under the Finance Documents;
- (d) with regard to Companies other than Distribution Companies, there is, on the date of this agreement, no purchase option outstanding or in existence in relation to all or part of the Financial Instruments, no scheme exists for the purchase or subscription of Financial Instruments in such Companies (or any of them), and more generally there exists no agreement by which any such Company has undertaken to issue new financial instruments or securities giving access to the share capital of that Company, all except as permitted under the Finance Documents;
- (e) the Pledge has been approved by each Company (save as indicated in schedule 2) in accordance with its Statuts;
- (f) the payment of, or the provision of security for, the Secured Liabilities by the Pledgor does not require any authorisation of any authority whatsoever, including, without limitation, from the administrative bodies of the Pledgor other than those previously obtained and no authorisation from the administrative bodies of the Pledgor or any of the Companies or of any authority whatsoever is required for the enforcement of this Pledge; and
- (g) this Pledge is valid and enforceable in accordance with its terms and creates a pledge ranking above the rights that any other person may have over the Accounts or the Financial Instruments, or any of them, or over the proceeds of any sale of the Financial Instruments or any of them.

4. UNDERTAKINGS

4.1 For the duration of the Security Period, the Pledgor undertakes:

- (a) not to transfer nor to sell the Financial Instruments, or any of them, without the prior written consent of the Security Agent acting on behalf of the Beneficiaries;
- (b) not to create, incur or permit to subsist any Security Interest or encumbrance of any sort whatsoever over the Accounts or the Financial Instruments, or any of them, other than in favour of the Beneficiaries;

- (c) save as otherwise permitted by the Finance Documents, to procure that no Company shall issue new Financial Instruments and more generally to procure that no Company shall change its share capital;
- (d) to the extent permitted under French law, not to exercise the voting rights or to pass any resolutions attached to the Financial Instruments (or any of them) which may adversely change the terms of the Financial Instruments (or any class of them) or prejudice the Security Interest created hereunder; and
- (e) to take any action, carry out any formalities and more generally do anything the Security Agent may reasonably consider necessary in order to permit the Security Agent or the other Beneficiaries to exercise, at any time, the rights and claims which it or the other Beneficiaries hold by virtue of this Pledge.

4.2 Notwithstanding anything contained herein, the Pledgor shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of the Financial Instruments and the Accounts (or any of them) and none of the Beneficiaries shall be required in any manner to perform or fulfill any obligation of the Pledgor in respect of the Financial Instruments or the Accounts (or any of them) or to make any payment received by them, or to receive any enquiry as to the nature or sufficiency of any payment received by them, or to present or to file any claim or take any other action to collect or enforce the payment of any amount to which they may have been or to which they may be entitled hereunder at any time or times.

5. ENFORCEMENT

Following the occurrence of an Event of Default and without prejudice to any other right or action whatsoever which may be exercised or taken independently or concurrently, the Security Agent, acting on behalf of the Beneficiaries, may enforce its rights under the Pledge up to the limit of the Secured Liabilities in accordance with article L. 521-3 of the Code de Commerce and article 2078 of the French Civil Code.

6. DURATION

6.1 This Pledge shall remain in full force and effect throughout the Security Period.

6.2 The Security Agent acting upon instructions of the Beneficiaries undertakes to procure the release of the Pledge on or as soon as practicable after the Discharge Date.

7. NOTICE

Except as specifically provided otherwise in this Pledge, any notice, demand or other communication to be served under or in connection with this Pledge shall be made in accordance with clause 18 (Notices) of the Intercreditor Agreement.

8. MISCELLANEOUS

8.1 This Pledge does not exclude or limit in any way the other rights of the Security Agent or the other Beneficiaries and does not affect the nature or the extent of the liabilities which have been or which may exist between the Pledgor and the Security Agent or the other Beneficiaries.

- 8.2 Where any clause of this Pledge shall be or become illegal, invalid or unenforceable it is agreed that the other provisions of this Pledge shall remain legal, valid and enforceable against the parties to this Pledge independently of the said illegal, invalid or unenforceable clauses.
- 8.3 No payment to the Security Agent and/or the other Beneficiaries whether under any judgement or court order or otherwise shall discharge the obligation or liability of the Pledgor unless and until the Security Agent and/or the other Beneficiaries shall have received payment in full in the currency in which the obligation or liability was incurred and to the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability expressed in that currency the Security Agent and/or the other Beneficiaries shall have a further cause of action against the Pledgor to recover the amount of the shortfall.
- 8.4 In the event of a transfer by way of a novation of all or part of the rights and obligations by the Beneficiaries under the Senior Facilities Agreement, the Beneficiaries expressly reserve (and all the parties to this Pledge expressly agree to that), the rights, powers, privileges and actions that they enjoy under this Pledge in favour of their successors, in accordance with the provisions of articles 1278 and following of the French Civil Code.

9. EXPENSES

The Pledgor will promptly following demand pay to each of the Security Agent and/or the other Beneficiaries any expense (including legal fees and other out of pocket expenses and any Taxes thereon) or loss which the Security Agent and/or the other Beneficiaries may have properly incurred in connection with the preservation, enforcement or attempted preservation or enforcement of the Security Agent's or the other Beneficiaries rights under this Pledge including any present or future stamp or other taxes or duties and any penalties or interest with respect thereto which may be imposed by any competent jurisdiction in connection with the execution or enforcement of this Pledge all upon presentation of duly documented evidence.

10. FURTHER ASSURANCES

The Pledgor agrees that from time to time, at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that the Security Agent may reasonably request, in order to perfect and protect any Security Interest granted or purported to be granted hereby or to enable the Security Agent to exercise and enforce its rights and remedies hereunder with respect to the Account.

11. APPLICABLE LAW AND JURISDICTION

11.1 This Pledge shall be governed by and construed in all respects in accordance with French law.

11.2 Any dispute arising out of or in connection with this Pledge shall be submitted to the Commercial Court of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining at first instance any dispute arising out of this Pledge.

THE PLEDGOR:

ANTARGAZ

Acting by :

Name: Francois Varagne or any duly
empowered person under a power of
attorney
Title: Chairman of the board
Address: 43, avenue de l'Opera
75002 Paris, France

Fax: +33 1 41 88 73 15
For the attention of Priscille Magnan

THE SECURITY AGENT:

CREDIT LYONNAIS

Acting by :

Name: Jacques Pochon
Title: Head of Acquisition Finance France
Address: Investment/Banking/DPID/
Leveraged Finance
81/83, rue de Richelieu
75002 Paris\

Fax: + 33 1 42 95 14 72 / 88 21
For the attention of Jerome Del Ben / Brigitte Chalaud

THE ORIGINAL REVOLVING LENDERS:

CREDIT LYONNAIS

Acting by :

Name: Jacques Pochon
Title: Head of Acquisition Finance France
Address: Investment/Banking/DPID/
Leveraged Finance
81/83, rue de Richelieu
75002 Paris

Fax: + 33 1 42 95 14 72 / 88 21
For the attention of Jerome Del Ben / Brigitte Chalaud

SCHEDULE 1

THE ORIGINAL REVOLVING LENDERS

CREDIT LYONNAIS, 18, rue de la Republique, 69002 Lyon, France

SCHEDULE 2
THE COMPANIES

Company	Share Capital (Euro)	Registered no.	Approval clause	Approval obtained	% held	No. of shares held	No. of shares pledged
Wogegal SA	596,600.28	310 095 658 RCS Rennes	Yes	Yes (Board resolution 4 July 2003)	100	26,092	26,088
Gaz Est Distribution	152,400	421 283 615 RCS Nancy	Yes	Yes (Board resolution 4 July 2003)	100	9,994	9,990
Nord GPL SA	304,800	422 265 504 RCS Bethune	Yes	Yes (Board resolution 4 July 2003)	100	19,994	19,990
Rhone Mediterranee Gaz - - R.M.G.	151,758.24	382 151 272 RCS Lyon	Yes	Yes (Board resolution 4 July 2003)	85	2,494	2,490
Geovexin	824,000	304 350 887 RCS Nanterre	Yes	No	44.90	35,917	35,915
Societe Bearnaise des Gaz Liquefies (Sobegal)	750,000	095 880 894 RCS Pau	Yes	Yes (Board resolution 4 July 2003)	72	35,997	35,995
Geogaz Lavera	671,200	703 002 535 RCS Nanterre	Yes	No	16.67	6,993	6,990
Compagnie Bordelaise des Gaz Liquefies (Cobogal)	1,049,940	456 201 011 RCS Bordeaux	Yes	No	15	8,750	8,745

Company	Share Capital (Euro)	Registered no.	Approval clause	Approval obtained	% held	No. of shares held	No. of shares pledged
Rhone Gaz	874,944	969 507 235 RCS Lyon	Yes	No	50.62	28,572	28,570

SCHEDULE 3

DECLARATION DE GAGE DE COMPTE D'INSTRUMENTS FINANCIERS
SOUmise A L'ARTICLE L. 431-4 DU CODE MONETAIRE ET FINANCIER

La presente declaration de gage de compte d'instruments financiers est emise conformement a, et selon les termes et conditions stipules dans, un acte de nantissement de compte d'instruments financiers en langue anglaise denomme "Pledge of Financial Instruments Accounts en date de ce jour (ci-apres l'"ACTE DE NANTISSEMENT"), dont une copie figure en annexe B de la presente declaration et qui fait partie integrante de la presente declaration.

Les termes et expressions en anglais dans la presente declaration de gage auront, sauf stipulation contraire, la signification qui leur est attribuee a l'Acte de Nantissement.

I. CONSTITUANT DE GAGE

Nom Antargaz, societe anonyme au capital de E 3.935.349, dont le siege social est situe Immeuble Les Renardieres - 3, place de Saverne, 92400 Courbevoie, France et dont le numero unique d'identification est le 572 126 043 RCS Nanterre

Designation du teneur de compte: [_____] , societe anonyme au capital de E [_____] , immatriculee [_____] , sous le n(degree)[_____] RCS [_____] , ayant son siege au [_____].

II. COMPTE D'INSTRUMENTS FINANCIERS CONSTITUE EN GAGE

Identification du Compte d'Instruments Financiers Compte special n(degree) [_____] Bis ouvert ce jour au nom du Constituant du Gage.

Nombre d'actions creditees au compte [_____] Actions, representant [__] % du capital de [_____].

Nature des actions [_____] actions nominatives d'une valeur nominale de E [_____] chacune.

Emetteur [_____] , societe anonyme au capital de E [_____] , immatriculee sous le n(degree) [_____] RCS [_____] , ayant son siege au [_____].

III. BENEFICIAIRES

(1) Les banques et etablisements financiers assimiles definis a l'Acte de Nantissement sous le vocable Revolving Lenders et dont a la date de presentes liste figure en annexe A a la presente declaration, ainsi que toute personne acquerant a quelque titre que ce soit la qualite de Revolving Lender au titre du Senior Facilities Agreement;

- (2) Credit Lyonnais, ayant son siege social 18 rue de la Republique, 69002 Lyon et son siege central 19 boulevard des Italiens, 75002 Paris, immatricule sous le numero 954 509 741 RCS Lyon, agissant tant en son nom qu'au nom et pour le compte des personnes visees au (1) ci-dessus en sa qualite de Security Agent aux termes du Senior Facilities Agreement; et
- (3) Credit Lyonnais, ayant son siege social 18 rue de la Republique, 69002 Lyon et son siege central 19 boulevard des Italiens, 75002 Paris, immatricule sous le numero 954 509 741 RCS Lyon, agissant tant en son nom qu'au nom et pour le compte des personnes visees au (1) ci-dessus en sa qualite de Facility Agent aux termes du Senior Facilities Agreement.

IV. OBLIGATIONS GARANTIES

Les obligations garanties sont les obligations definies sous l'expression Secured Liabilities dans l'Acte de Nantissement, a savoir les obligations du Constituant pris en ses qualites de Borrower et de Guarantor au titre du Revolving Facility, a concurrence d'un montant maximum de E 50.000.000 en principal majore des interets, commissions, frais et accessoires quelconques ainsi que de toutes sommes pouvant etre dues aux personnes visees au III ci-dessus au titre du Revolving Facility.

Fait a Paris

Le 7 juillet 2003 en trois (3) exemplaires originaux

Pour constitution du Gage

ANTARGAZ

Nous accusons reception de la presente declaration de gage compte d'instruments financiers en date de ce jour et acceptons les termes des missions qui nous sont confiees en qualite de Teneur de Compte aux termes de la presente declaration de gage de compte d'instruments financiers et de l'Acte de Nantissement

[___] S.A

Par: _____
Nom: Francois Varagne ou toute
personne qu'il se serait substituee
en vertu d'un pouvoir
Titre: President du conseil
d'administration

Par: _____
Nom:
Titre:

ANNEXE A
ORIGINAL REVOLVING LENDERS

CREDIT LYONNAIS, 18, rue de la Republique, 69002 Lyon, France

SCHEDULE 4

DECLARATION OF PLEDGE OF A FINANCIAL INSTRUMENTS ACCOUNT
IN ACCORDANCE WITH ARTICLE L. 431-4 OF THE FRENCH MONETARY AND FINANCIAL CODE

This declaration of pledge of a financial instruments account is issued in accordance with and pursuant to the terms and conditions of a pledge of financial instruments account of today's date drafted in English and entitled "Pledge of Financial Instruments Accounts" (the "PLEDGE"), a copy of which is attached as schedule B to this declaration and which constitutes an integral part of this declaration.

Terms and expressions defined in the Pledge shall, save to the extent that the context otherwise requires, have the same meanings when used in this declaration.

I. IDENTITY OF PLEDGOR

Name Antargaz, a company incorporated under the laws of France and having its registered office at Immeuble Les Renardieres - 3, Place de Saverne, 92400, Courbevoie, France and registered with number 572 136 043 RCS Nanterre.

Name of the account holder [_____] , a French societe anonyme with a share capital of E [_____] having its registered office at [_____] and registered with number [_____] RCS [_____].

II. FINANCIAL INSTRUMENTS ACCOUNT SUBJECT TO THE PLEDGE

Description of Financial Instruments Account Special account No [_____] Bis opened at the date hereof in the name of the Pledgor.

Number of Financial Instruments in Account [_____] shares, representing [_____] per cent. of the share capital of [_____].

Type of Financial Instruments [_____] registered shares of a par value of E [_____] each.

Issuer of the Financial Instruments [_____] , a French societe anonyme with a share capital of E [_____] having its registered office at [_____] and registered with number [_____] RCS [_____].

III. BENEFICIARIES

- (1) The banks and financial institutions defined as Revolving Lenders in the Pledge namely, all those banks and financial institutions which are Revolving Lenders at the time of this declaration, as set out in the list attached as schedule A to this declaration and any other person that becomes a Revolving Lender under the Senior Facilities Agreement;

- (2) Credit Lyonnais, having its registered office at 18, rue de la Republique, 69002 Lyon and its head office at 19 boulevard des Italiens, 75002 Paris and registered with number 954 509 741 RCS Lyon, acting for itself and in the name of and on behalf of the persons named in (1) above as Security Agent under the Senior Facilities Agreement; and
- (3) Credit Lyonnais, having its registered office at 18, rue de la Republique, 69002 Lyon and its head office at 19 boulevard des Italiens, 75002 Paris and registered with number 954 509 741 RCS Lyon, acting for itself and in the name of and on behalf of the persons named in (1) above as Facility Agent under the Senior Facilities Agreement.

IV. SECURED OBLIGATIONS

The secured obligations are the obligations of the Pledgor, as defined under the term "SECURED LIABILITIES" in the Pledge undertaken in its capacity as Borrower and Guarantor pursuant to the Revolving Facility, up to a maximum of E50,000,000 in principal, as well as any interest, commission, or additional costs or any other sums due to the persons listed in III above, pursuant to the Revolving Facility.

7 July 2003 in three (3) originals
In order to constitute the Pledge

We acknowledge receipt of this declaration of pledge of financial instruments account of today's date and undertake to carry out our responsibilities as account holder (teneur de compte) in accordance with the terms of this declaration of pledge of financial instruments account and the Pledge.

ANTARGAZ S.A.

[_____] S.A.

By: _____
Name: Francois Varagne or any duly empowered person under a power of attorney
Title: Chairman of the board

By: _____
Name:
Title:

SCHEDULE 5

ATTESTATION DE CONSTITUTION DE GAGE DE
COMPTE D'INSTRUMENTS FINANCIERS

La soussignée atteste par les présentes que (i) [] actions émises par [] S.A. détenues par Antargaz et désignées dans la déclaration de gage de compte d'instruments financiers en date du 7 juillet 2003 signée par Antargaz, ont été virées sur un compte spécial numéro [] Bis ouvert au nom de Antargaz et (ii) ledit compte est nanti en faveur des Bénéficiaires (tel que ce terme est défini dans la déclaration de gage d'instruments financiers) et porte la mention expresse dudit gage. Une copie de ladite déclaration de gage d'instruments financiers est annexée à la présente Attestation de Constitution de Gage d'Instruments Financiers.

Fait à Paris,

Le 7 juillet 2003

Pour []

Par: _____

Nom: []

Titre: []

SCHEDULE 6

CERTIFICATE OF REGISTRATION OF A PLEDGE
OF FINANCIAL INSTRUMENTS ACCOUNT

The undersigned hereby certifies that (i) [] shares issued by [] S.A. and held by Antargaz as identified in the declaration of pledge of financial instruments account dated 7 July 2003 signed by Antargaz have been transferred into a special account number [] Bis opened in the name of Antargaz and (ii) the said account is pledged in favour of the Beneficiaries (as defined in the declaration of pledge of financial instrument accounts) and that such pledge has been duly registered. A copy of the pledge of financial instruments account is attached as a schedule to this certificate of registration of a pledge of financial instruments.

Paris,

7 July 2003

For and on behalf of []

By: _____

Name: []

Title: []

Dated as of 7 July 2003

AGZ HOLDING
as Parent

ANTARGAZ

AGZ FINANCE
as High Yield Issuer

THE ENTITIES NAMED HEREIN
as Senior Lenders

THE ENTITIES NAMED HEREIN
as Investors

CREDIT LYONNAIS
as Facility Agent

CREDIT LYONNAIS
as Security Agent

CERTAIN OTHER PARTIES NAMED HEREIN

INTERCREDITOR AGREEMENT

Shearman & Sterling LLP
Paris

[MAP]

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THIS AGREEMENT is made on 7 July 2003

BETWEEN:

- (1) AGZ HOLDING (a company incorporated in France as a societe anonyme with registered number 413 765 108 RCS Paris) (the "PARENT");
- (2) ANTARGAZ (a company incorporated in France as a societe anonyme with registered number 572 126 043 RCS Nanterre) ("ANTARGAZ");
- (3) AGZ FINANCE (a company incorporated under the laws of the Grand Duchy of Luxembourg as a societe anonyme with registered number RC Luxembourg B 87.750) (the "HIGH YIELD ISSUER");
- (4) THE SENIOR LENDERS (as defined below);
- (5) THE INVESTORS (as defined below);
- (6) CREDIT LYONNAIS as facility agent for the Senior Lenders under the Senior Finance Documents (the "FACILITY AGENT"); and
- (7) CREDIT LYONNAIS as security agent for the Finance Parties under the Security Documents (the "SECURITY AGENT").

IT IS AGREED as follows:

1. INTERPRETATION

1.1 DEFINITIONS

In this agreement:

"BENEFICIARY" means a Finance Party in its capacity as a beneficiary of security held on its behalf by the Security Agent;

"BORROWERS" means the Parent, Antargaz and each other Group Company which becomes a borrower under any Senior Finance Document;

"CLAWBACK" means any payment or repayment by any of the Senior Lenders, the Hedging Lenders, the Investors or the Intra-Group Creditors (as the case may be) of moneys received (whether or not in breach of any provision of any of the Senior Finance Documents) in or towards the payment and discharge of any of the Senior Debt, the Investor Debt or the Intra-Group Debt (as the case may be) required by any agreement, law or regulation;

"CONSTITUTIONAL DOCUMENTS" means the constitutional documents of the Parent in the agreed form;

"CREDITOR ACCESSION AGREEMENT" means a properly authorised and executed agreement substantially in the form set out in schedule 2;

"CREDITORS" means each Finance Party and each Investor;

"DEBT" means the Senior Debt, the Investor Debt and:

- (a) when used in clause 2 (Ranking of Debt), the High Yield Intra-Group Debt; and
- (b) when used in any other provision of this agreement, the Intra-Group Debt;

"DEFAULT" has the meaning given to it in the Senior Facility Agreement;

"DEFAULT RATE" means the rate at which default interest is payable under clause 7.4 (Default interest) of the Senior Facility Agreement;

"DESIGNATED PAYEE" means the Security Agent;

"EARLY TERMINATION DATE" means an Early Termination Date (as defined in a Hedging Document) resulting from an Event of Default (as defined in the relevant Hedging Document);

"ENFORCEMENT ACTION" means:

- (a) in relation to any Debt (other than the Hedging Debt) any action whatsoever to:
 - (i) declare prematurely due and payable or otherwise seek to accelerate payment of or place on demand all or any part of the Debt;
 - (ii) recover all or any part of the Debt (including by exercising any right of set-off or combination of accounts);
 - (iii) exercise or enforce any security right against sureties or any other rights under any other document or agreement in relation to (or given in support of) all or any part of the Debt (including under the Security Documents);
 - (iv) petition for (or take any other steps which may lead to) an Insolvency Event in relation to any Group Company; or
 - (v) commence legal proceedings against any Group Company; and
- (b) in relation to the Hedging Debt:
 - (i) any action to declare an Early Termination Date under any Hedging Agreement or demand payment of any amount which would become payable following an Early Termination Date; or
 - (ii) the occurrence of an Early Termination Date as a result of Automatic Early Termination for which an Obligor is the Defaulting Party (and for this purpose "EARLY TERMINATION DATE", "AUTOMATIC EARLY TERMINATION" and "DEFAULTING PARTY" shall have the meanings given to them in the ISDA Master Agreement);

"ENFORCEMENT DATE" means the date on which a Finance Party first takes Enforcement Action in accordance with this agreement;

"FINANCE PARTIES" has the meaning given to it in the Senior Facility Agreement;

"GUARANTORS" means the Parent, Antargaz and each other Group Company which becomes a guarantor under any Senior Finance Document;

"HEDGING AGREEMENTS" has the meaning given to it in the Senior Facility Agreement;

"HEDGING DEBT" means all liabilities due to any Hedging Lender under any Hedging Agreement;

"HEDGING LOSS" means the loss suffered by a Hedging Lender as a result of any relevant Hedging Agreement being terminated in accordance with clause 3.3(b) (Permitted Hedging Enforcement Action) such loss being calculated in accordance with the Market Quotation and Second Method as contemplated by the ISDA Master Agreement as at the Enforcement Date;

"HEDGING RECOVERIES" means the aggregate of all moneys received or recovered (whether by set-off, combination, netting of payments or otherwise) from time to time by any of the Hedging Lenders on or after the Enforcement Date from any Group Company or other person under or in connection with any of the Hedging Agreements;

"HIGH YIELD DEBT" means all money and liabilities now or in the future due, owing or incurred by any Obligor under any High Yield Documents in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest and all related losses and charges incurred under any agreement evidencing High Yield Debt;

"HIGH YIELD DOCUMENTS" means the High Yield Trust Deed, the High Yield Notes and all other documents evidencing the terms of the High Yield Notes and any other document or agreement entered into or executed pursuant thereto or in connection therewith;

"HIGH YIELD INTRA-GROUP BOND DOCUMENTS" means the terms and conditions of the Intra-Group Bonds set out in the Parent's resolution having decided on their issue and all related and ancillary documents;

"HIGH YIELD INTRA-GROUP BONDS" means the subordinated bonds issued by the Parent to the High Yield Issuer in an aggregate principal amount equal to the aggregate principal amount of the High Yield Notes;

"HIGH YIELD INTRA-GROUP DEBT" means all money and liabilities now or in the future due, owing or incurred by the Parent under the High Yield Intra-Group Bond Documents in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or as surety, together with all accruing interest and all related losses and charges incurred under any agreement evidencing High Yield Intra-Group Debt;

"HIGH YIELD MATURITY DATE" means 19 July 2011;

"HIGH YIELD NOTES" means the high yield notes issued by the High Yield Issuer on 23 July 2002 in an aggregate principal amount of E 165,000,000;

"HIGH YIELD TRUST DEED" means the trust deed and/or other instrument pursuant to which the High Yield Notes are issued;

"HIGH YIELD TRUSTEE" means the trustee appointed on behalf of the holders of the High Yield Notes pursuant to the High Yield Trust Deed;

"INSOLVENCY EVENT" means any of the events described in clauses 20.1(e) (Insolvency) to (k) (Similar Events Elsewhere) (inclusive) of the Senior Facility Agreement;

"INTRA-GROUP CREDITORS" means any Group Companies which are creditors in relation to any Intra-Group Debt (including without limitation the High Yield Issuer);

"INTRA-GROUP DEBT" means any money or liabilities now or in the future due or owing to or incurred from a Group Company by the Parent (including without limitation the High Yield Intra-Group Debt) in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest and all related costs, charges and expenses and any Reports Loan (including any reinstatement of such liabilities resulting from the operation of a Clawback);

"INTRA-GROUP RECOVERIES" means the aggregate of all assets received or recovered and all monies received or recovered (whether by set-off, combination, netting of payments or otherwise) from time to time by any Intra-Group Creditor in connection with any Intra-Group Debt from any Group Company or other person;

"INVESTOR DEBT" means all money and liabilities now or in the future due, owing or incurred to any Investor by any Group Company under any Investor Document in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest and all related costs, charges and expenses;

"INVESTOR DOCUMENTS" means the Shareholders Agreement, the Constitutional Documents and any other document or agreement (including constitutional documents and minutes of meetings of shareholders of any member of the Group) providing for the payment of any amount by any member of the Group to an Investor in its capacity as such;

"INVESTOR RECOVERIES" means the aggregate of all distributions (whether in cash or in kind) and all monies received or recovered (whether by set-off, combination, netting of payments or otherwise) from time to time by any Investor under or in connection with any of the Investor Documents and the Investor Debt from any Group Company;

"INVESTORS" means P.A.I., U.G.I. and Medit and any assignee or transferee of any of their respective interests under or in respect of the Investor Documents;

"ISDA MASTER AGREEMENT" means the 1992 or the 2002 Multicurrency - Cross Border Master Agreement published by the International Swaps and Derivatives Association;

"MAJORITY SENIOR CREDITORS" means, at any time, Finance Parties whose Senior Credit Participations at that time aggregate more than 66.66 per cent of the total Senior Credit Participations at that time;

"MAJORITY SENIOR LENDERS" means the Majority Lenders under and as defined in the Senior Facility Agreement;

"MEDIT" means Medit Mediterranea GPL SpA or any of its Affiliates;

"OBLIGOR ACCESSION AGREEMENT" means an agreement substantially in the form set out in schedule 3 under which a Group Company becomes a party to this agreement;

"OBLIGORS" means the Parent, each Borrower, each Guarantor, the High Yield Issuer and each other Group Company which has any obligation to any Finance Party under any Senior Finance Document;

"OUTSTANDINGS" means, in relation to a Senior Lender at any time, the aggregate of that Senior Lender's participation in all Drawings outstanding at that time (including interest on those Drawings and all Contingent Liabilities and amounts due and payable (but unpaid) by the Parent under the Hedging Agreements);

"P.A.I." means FCPR PAI Europe III, a series of fonds communs de placement a risques established and managed or advised by P.A.I. Partners (formerly P.A.I. Management), or any other fund or entity which is established and managed or advised by P.A.I. Partners;

"PERMITTED HEDGING PAYMENTS" means payments permitted under clause 3.1(a) (Prohibited Hedging Payments, Guarantees and Security);

"PERMITTED INTRA-GROUP ENFORCEMENT ACTION" means Enforcement Action permitted under clause 5.5 (Permitted Intra-Group Enforcement Action);

"PERMITTED INTRA-GROUP PAYMENTS" means payments permitted under clause 5.2 (Permitted Intra-Group Payments) or clause 5.6 (Value Transfers) (but excluding for the avoidance of doubt any such payment received pursuant to any Enforcement Action);

"PERMITTED INVESTOR PAYMENTS" means payments permitted under clause 4.2 (Permitted Investor Payments);

"RECOVERIES" means the aggregate of:

- (a) the Senior Recoveries;
- (b) the Hedging Recoveries;
- (c) the Reports Recoveries;
- (d) the Investor Recoveries;
- (e) the Intra-Group Recoveries; and
- (f) payments to the Designated Payee under clause 6 (Turnover) and all moneys received or recovered under any of the Security Documents (whether as a result of any enforcement of security or other action under such documents);

"REPORTS LOAN" has the meaning given to it in clause 9.2 (Application of Reports Recoveries);

"REPORTS RECOVERIES" has the meaning given to it in clause 9.2 (Application of Reports Recoveries);

"SECURITY DOCUMENTS" has the meaning given to it in the Senior Facility Agreement;

"SECURITY INTEREST" has the meaning given to it in the Senior Facility Agreement;

"SENIOR ACCELERATION NOTICE" means a demand by the Facility Agent under clause 20.2 (Cancellation and repayment) of the Senior Facility Agreement;

"SENIOR COMMITMENT" means:

- (a) in relation to a Senior Lender which is not a Hedging Lender, the aggregate of its Commitments under the Senior Facility Agreement;

- (b) in relation to a Senior Lender which is also a Hedging Lender, the aggregate of its Commitments under the Senior Facility Agreement and its Hedging Loss; and
- (c) in relation to a Senior Lender which is only a Hedging Lender, its Hedging Loss.

"SENIOR CREDIT PARTICIPATION" means, in relation to a Finance Party, the aggregate of:

- (a) its Term Commitments (as defined in the Senior Facility Agreement) (if any);
- (b) its Revolving Commitment (as defined in the Senior Facility Agreement) (if any); and
- (c) the Settlement Amounts, if any, which would be payable to it under any Hedging Agreement if the date on which the calculation is made was deemed to be an Early Termination Date for which the relevant Obligor is the Defaulting Party (and for this purpose "SETTLEMENT AMOUNT" and "DEFAULTING PARTY" shall have the meanings given to them in the relevant Hedging Agreement) such amount to be certified by the relevant Finance Party in reasonable detail (including the quotations obtained in connection therewith);

"SENIOR DEBT" means all money and liabilities now or in the future due, owing or incurred to any Finance Party by any Obligor under any Senior Finance Document in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest and all related losses and charges (including any increase or reinstatement of such liabilities resulting from the operation of a Clawback);

"SENIOR DECLARED DEFAULT" means a Default which has resulted in the Facility Agent exercising any of its rights under clause 20.2 (Cancellation and Repayment) of the Senior Facility Agreement;

"SENIOR DISCHARGE DATE" means the date on which all Senior Debt has been fully discharged and all commitments of the Finance Parties to the Obligors have expired in accordance with the Senior Finance Documents;

"SENIOR FACILITY AGREEMENT" means the facilities agreement dated 26 June 2003, as amended on 2 July 2003, under which the Senior Lenders agreed to make available a term credit facilities of E 220,000,000 and revolving credit facility of E 50,000,000 to the Borrowers (as defined therein);

"SENIOR FINANCE DOCUMENTS" has the meaning given to it in the Senior Facility Agreement;

"SENIOR LENDER" means a Lender under, and as defined in, the Senior Facility Agreement;

"SENIOR PAYMENT DEFAULT" means a failure by an Obligor to pay any sum under any Senior Finance Document;

"SENIOR RECOVERIES" means the aggregate of all assets received or recovered and all monies received or recovered (whether by set-off, combination, netting of payments or otherwise) from time to time by any Senior Lender in relation to any Senior Debt on or after the Enforcement Date from any Obligor, Group Company or other person, except amounts received by any Senior Lenders in accordance with the Senior Facility Agreement and clause 9 (Application of Recoveries) and/or clause 15.3 (Loss Sharing) of this agreement;

"SHAREHOLDERS AGREEMENT" has the meaning given to it in the Senior Facility Agreement;

"SPECIFIED DEFAULT" means, in relation to a Hedging Document:

- (a) the failure by a Borrower to make a payment due under the relevant Hedging Document on its due date or within any applicable grace period;
- (b) the occurrence of any of the Events of Default specified in clauses 20.1(a) (Payment default), (b)(i) (Breach of other Obligations) or (c) (Insolvency) to (1) (Cessation of business) (inclusive) of the Senior Facility Agreement; or
- (c) the occurrence of an Illegality or a Tax Event (each as defined in the ISDA Master Agreement);

"TRANSFEREE" has the meaning given to it in clause 19.2(a) (Assignments and Transfers by Creditors);

"TRANSFEROR" has the meaning given to it in clause 19.2(a) (Assignments and Transfers by Creditors); and

"U.G.I." means UGI France, Inc. a company incorporated under the laws of Delaware, USA, which is a Subsidiary of UGI Corporation, or any of its Affiliates.

1.2 CONSTRUCTION

In this agreement, unless a contrary intention appears:

- (a) a reference to any person is, where relevant, deemed to be a reference to or to include, as appropriate, that person's successors and permitted assignees or transferees;
- (b) references to clauses and schedules are references to, respectively, clauses of and schedules to this agreement and references to this agreement include its schedules;
- (c) a reference to (or to any specified provision of) any agreement or document (including a Senior Finance Document) is to be construed as a reference to that agreement or document (or that provision) as it may be amended from time to time, but excluding for this purpose any amendment which is contrary to any Senior provision of any Finance Document;
- (d) a reference to a statute, other legislation or accounting standard or any provision thereof is to be construed as a reference to that statute, other legislation or accounting standard or such provision thereof, as it may be amended or re-enacted from time to time;
- (e) a time of day is a reference to Paris time;
- (f) the index to and the headings in this agreement are inserted for convenience only and are to be ignored in construing this agreement;
- (g) words importing the plural shall include the singular and vice versa; and
- (h) words and expressions defined in the Senior Facility Agreement shall have the same meanings when used in this agreement.

1.3 MAJORITY CONSENTS

Any consent required to be given under this agreement by the Facility Agent will only be given upon the instructions of the Majority Senior Creditors, unless otherwise specified.

2. RANKING OF DEBT

The Debt will rank for all purposes and at all times in the following order:

- (a) first, the Senior Debt;
- (b) second, the High Yield Intra-Group Debt; and
- (c) third, the Investor Debt.

3. HEDGING LIABILITIES

3.1 PROHIBITED HEDGING PAYMENTS, GUARANTEES AND SECURITY

Until after the Enforcement Date:

- (a) no Obligor will make any payment or distribution in respect of any Hedging Debt, except for:
 - (i) scheduled payments arising under the original terms of the relevant Hedging Agreement; and
 - (ii) any payment made within the period of four months following the date of this Agreement for the purposes of any adjustment in the interest rate hedging under the Hedging Agreements to a coverage level no lower than that referred to in 19.5(d)(ii) (Hedging) of the Senior Facility Agreement; and
- (b) no Obligor will and each Obligor will procure that none of its Subsidiaries will, create or permit to subsist, and no Hedging Lender will receive from any Group Company, any Security Interest over any asset of any Group Company or give or permit to subsist any guarantee in respect of any part of the Hedging Debt, other than under the Security Documents,

in either case, without the prior consent of the Facility Agent.

3.2 RESTRICTIONS ON HEDGING ENFORCEMENT ACTION

Subject to clauses 3.3 (Permitted Hedging Enforcement Action) and 8 (Enforcement of Security), no Hedging Lender may take Enforcement Action in relation to any Hedging Debt, unless a Senior Declared Default has occurred.

3.3 PERMITTED HEDGING ENFORCEMENT ACTION

- (a) If a Specified Default occurs, a Hedging Lender may exercise its rights to designate an Early Termination Date in accordance with the relevant Hedging Agreement or otherwise terminate the relevant Hedging Agreement, provided that no other Enforcement Action is taken.
- (b) If a Senior Declared Default has occurred, each Hedging Lender will promptly following request by the Security Agent designate an Early Termination Date or otherwise terminate each Hedging Agreement to which it is a party.
- (c) On or following the designation of an Early Termination Date under clause 3.3(a) or (b), any amount which falls due from a Hedging Lender to any Group Company shall be paid by that Hedging Lender to the Security Agent for application under clause 9 (Application of Recoveries).

4. INVESTOR DEBT

4.1 PROHIBITED INVESTOR PAYMENTS, GUARANTEES AND SECURITY

Subject to clause 4.2 (Permitted Investor Payments), until the Senior Discharge Date:

- (a) no Obligor will, and each Obligor will procure that none of its Subsidiaries will, make, and no Investor will receive, any payment, dividend or distribution of any kind whatsoever in respect or on account of the Investor Debt; and
- (b) no Obligor will, and each Obligor will procure that none of its Subsidiaries will, create or permit to subsist, and no Investor will receive from any Group Company, any Security Interest over any asset of any Group Company or give or permit to subsist any guarantee in respect of any part of the Investor Debt,

in each case, without the prior consent of the Facility Agent.

4.2 PERMITTED INVESTOR PAYMENTS

Subject to clause 4.3 (Suspension of Permitted Investor Payments) the Parent may make any Restricted Payments (as defined in the Senior Facility Agreement) in accordance with, and subject to, the provisions of clause 19.9(c) of the Senior Facility Agreement.

4.3 SUSPENSION OF PERMITTED INVESTOR PAYMENTS

Without the prior consent of the Facility Agent, no payment which would otherwise be permitted under clause 4.2 (Permitted Investor Payments) may be made (or demand for payment by an Investor made) following the occurrence of a Major Default (as defined in the Senior Facility Agreement), so long as it is continuing.

4.4 RESTRICTIONS ON INVESTOR ENFORCEMENT ACTION

- (a) Subject to clauses 4.4(b) and 4.5 (Permitted Investor Enforcement Action), until after the Senior Discharge Date, no Investor may take Enforcement Action in relation to any Investor Debt without the prior consent of the Facility Agent.
- (b) Each Investor will, if required to do so by the Facility Agent, take Enforcement Action in respect of the Investor Debt and will apply any proceeds from such Enforcement Action in accordance with clause 6 (Turnover).

4.5 PERMITTED INVESTOR ENFORCEMENT ACTION

The restrictions in clause 4.4(a) (Restrictions on Investor Enforcement Action) will not apply to the Investors if an order is made for the winding up (liquidation) of the Parent, except that in these circumstances the Investors may only exercise the rights set out in paragraph (a)(i) of the definition of Enforcement Action in clause 1.1 (Definitions).

4.6 NO REDUCTION OR DISCHARGE

As between the Parent and the Investors, the Investor Debt will be deemed not to have been reduced or discharged to the extent of any payment or distribution to the Security Agent under clause 6 (Turnover).

4.7 AMENDMENTS TO INVESTOR DOCUMENTS

No Obligor nor any Investor will, on or before the Senior Discharge Date, without the prior consent of the Facility Agent:

- (a) agree to or take any action which would make any principal, interest, distribution or other sum payable under any Investor Document on a date earlier or more frequently than that provided in the relevant Investor Document at the date of this agreement, save for the purposes of any payment permitted under clause 4.2 (Permitted Investor Payments);
- (b) agree to or take any action to amend any Investor Document which would result in any Obligor being subject to more onerous obligations (including financial covenants) as a whole than those existing at the date of this agreement or which would conflict with any provision of this agreement; or
- (c) charge, assign or otherwise transfer rights and/or obligations under any Investor Document, unless simultaneously with that charge, assignment or transfer the relevant transferee agrees to be bound by the provisions of this agreement by entering into a Creditor Accession Agreement.

5. INTRA-GROUP DEBT AND VALUE TRANSFERS

5.1 PROHIBITED INTRA-GROUP PAYMENTS, GUARANTEES AND SECURITY

Subject to clauses 5.2 (Permitted Intra-Group Payments) and 5.6 (Value Transfers), until after the Senior Discharge Date:

- (a) no Obligor will, and each Obligor will procure that none of its Subsidiaries will, make, and no Intra-Group Creditor will receive, any payment or distribution of any kind whatsoever in respect or on account of the Intra-Group Debt (including without limitation the High Yield Intra-Group Debt); and
- (b) no Obligor will, and each Obligor will procure that none of its Subsidiaries will, create or permit to subsist, and no Intra-Group Creditor will receive from any Group Company, any Security Interest over any asset of any Group Company or give or permit to subsist any guarantee in respect of any part of the Intra-Group Debt (including without limitation the High Yield Intra-Group Debt),

in each case without the prior consent of the Facility Agent.

5.2 PERMITTED INTRA-GROUP PAYMENTS

Subject to clause 5.3 (Suspension of Permitted Intra-Group Payments):-

- (a) in the case of Intra-Group Debt (other than the High Yield Intra-Group Debt), a Group Company may pay interest on, repay or prepay principal of or make any other payment due in respect of any Intra-Group Debt and an Intra-Group Creditor may receive any such sum;
- (b) in the case of High Yield Intra-Group Debt, the Parent may make payments to the High Yield Issuer in respect of:
 - (i) semi-annual interest (but not principal) at a rate not exceeding 0.130 per cent, per annum above the aggregate interest rate payable by the High Yield Issuer in cash on the High Yield Notes in order to enable the High Yield Issuer to make a payment of

interest in respect of the High Yield Notes and which falls due for payment within five Business Days of receipt of the corresponding payment by the High Yield Issuer;

- (ii) amounts equal to taxes payable by the High Yield Issuer in respect of payments of interest on any High Yield Debt (including in respect of any withholding or deduction of any amount for or on account of applicable taxes); and
- (iii) repayment of the principal amount of the High Yield Intra-Group Debt on or at any time after the High Yield Maturity Date.

5.3 SUSPENSION OF PERMITTED INTRA-GROUP PAYMENTS

- (a) No payment which would otherwise be permitted under clause 5.2(a) (Permitted Intra-Group Payments) may be made (or demand for repayment by an Intra-Group Creditor made) following the occurrence of a Default without the prior consent of the Facility Agent.
- (b) No payment which would otherwise be permitted under clause 5.2(b) (Permitted Intra-Group Payments) in respect of the High Yield Intra-Group Debt or clause 5.6 (Value Transfers) may be made (or demand for repayment by the High Yield Issuer made) without the prior consent of the Majority Senior Creditors:
 - (i) if a Senior Payment Default occurs, from the date of such Senior Payment Default until the date the Facility Agent notifies the Parent and the High Yield Issuer that the Senior Payment Default has been waived or remedied (and the Facility Agent undertakes to provide such notification promptly after the Facility Agent becomes aware that the Senior Payment Default has been waived or remedied); and
 - (ii) if a Default other than a Senior Payment Default occurs, from the date the Facility Agent serves a notice (a "PAYMENT BLOCKAGE NOTICE") on the Parent and the High Yield Issuer suspending payments under the High Yield Intra-Group Bond Documents until the earliest of:-
 - (A) the date falling 179 days after service of the Payment Blockage Notice;
 - (B) the date the Facility Agent notifies the Parent and the High Yield Issuer in writing that the Default has been waived or remedied or has ceased to exist; and
 - (C) the Senior Discharge Date,

provided that a Payment Blockage Notice (other than the first Payment Blockage Notice) may not be delivered:

- (iii) unless and until 360 days have elapsed since delivery of the immediately prior Payment Blockage Notice; or
- (iv) in respect of circumstances which resulted in a Default which was the subject of a previous Payment Blockage Notice.

5.4 RESTRICTION ON INTRA-GROUP ENFORCEMENT ACTION

- (a) Subject to clause 5.4(b) and to clause 5.5 (Permitted Intra-Group Enforcement Action), until after the Senior Discharge Date, no Intra-Group Creditor may take Enforcement Action in

relation to any Intra-Group Debt (including without limitation the High Yield Intra-Group Debt) without the prior consent of the Facility Agent.

- (b) If a Senior Declared Default has occurred, each Intra-Group Creditor (other than the High Yield Issuer) will take any Enforcement Action in relation to the Intra-Group Debt which the Security Agent acting on the instructions of the relevant Finance Parties directs it to take.

5.5 PERMITTED INTRA-GROUP ENFORCEMENT ACTION

The restrictions in clause 5.4 (Restriction on Intra-Group Enforcement Action) will not apply to the High Yield Issuer taking Enforcement Action of a type set out in paragraph (a)(i) to (iii) of the definition of Enforcement Action in clause 1.1 (Definitions) against the Parent in respect of the High Yield Intra-Group Debt if there has been an event of default under the High Yield Notes and, following that default and provided it is then continuing unremedied and unwaived, the Intra-Group Standstill Period has expired.

For the purposes of this clause 5.5, the "INTRA-GROUP STANDSTILL PERIOD" means the period commencing on the date on which the Facility Agent has received notice from the High Yield Issuer or the High Yield Trustee of the relevant event of default under the High Yield Notes (the "DEFAULT NOTIFICATION DATE") and ending on the first to occur of:

- (a) the expiry of 179 days after the Default Notification Date;
- (b) the date on which the Finance Parties apply to any applicable court to enforce any of the security granted by the Parent under the Security Documents (other than any such security in respect of receivables, rights under the Acquisition Documents and the Special Cash Collateral Account); and
- (c) any of the following events:
 - (i) the shareholders or the directors of the Parent (other than at the request of the beneficiaries of the High Yield Guarantee) pass a resolution for the insolvency, dissolution, liquidation or winding-up of the Parent; or
 - (ii) an order is made for the commencement of an insolvency dissolution, liquidation, administration, winding-up or similar proceeding relating to the Parent.

5.6 VALUE TRANSFERS

Subject to clause 5.3 (Suspension of Intra-Group Permitted Payments) and except with the consent of the Facility Agent (prior to the Senior Discharge Date), no Obligor shall, and each Obligor shall procure that none of its Subsidiaries shall, make any payment to the High Yield Issuer (whether of principal, interest or otherwise) or transfer any assets to the High Yield Issuer, other than:

- (a) payments permitted by clause 5.2 (Permitted Intra-Group Payments); or
- (b) unless a Default has occurred which is continuing, payments lawfully made to the High Yield Issuer if and only to the extent that the High Yield Issuer requires the monies for one or more of the following purposes:
 - (i) legal fees and any filing, listing, registration or similar fees, costs and expenses incurred in connection with the issuing, listing and/or registration of any High Yield Documents issued by the High Yield Issuer;

- (ii) fees, costs and expenses payable by the High Yield Issuer under the High Yield Documents, or
- (iii) fees, costs and expenses payable to auditors and legal advisers of the High Yield Issuer and other operating costs and expenses of the High Yield Issuer, in each case properly incurred in the ordinary course of business,

provided that the aggregate of all such amounts paid in any Financial Year of the Group shall not exceed E 200,0000 (or its equivalent in other currencies) without the prior consent of the Facility Agent and, if the sums to be paid under this clause 5.6(b) exceed E 50,000 (or its equivalent) on any one occasion or aggregate more than E 100,000 (or its equivalent) in any Financial Year, the Parent has given not less than 10 Business Days' notice of the proposed payment in writing to the Facility Agent.

5.7 AMENDMENTS TO HIGH YIELD INTRA-GROUP BOND DOCUMENTS

Neither the High Yield Issuer nor the Parent will, on or before the Senior Discharge Date, without the prior consent of the Facility Agent:

- (a) agree to or take any action which would make any principal, interest, distribution or other sum payable under the High Yield Intra-Group Bond Documents on a date earlier or more frequently than that provided in the relevant High Yield Intra-Group Bond Document at the date of this agreement;
- (b) agree to or take any action to amend any High Yield Intra-Group Bond Document which would result in the Parent being subject to more onerous obligations as a whole than those existing at the date of this agreement or which would conflict with any provision of this agreement; or
- (c) charge, assign or otherwise transfer rights and/or obligations under any High Yield Intra-Group Bond Document.

6. TURNOVER

6.1 INTRA-GROUP CREDITORS' TURNOVER OBLIGATIONS

Each of the Intra-Group Creditors agrees with each of the Creditors and hereby declares that, except for Permitted Intra-Group Payments, all Intra-Group Recoveries (all together the "INTRA-GROUP CREDITOR TURNOVER RECEIPTS") shall, during any period before the Senior Discharge Date, be paid by the relevant Intra-Group Creditor to the Designated Payee for application by the Designated Payee in accordance with clause 9 (Application of Recoveries), and that Intra-Group Creditor shall, forthwith after receipt or discharge, pay, transfer, assign or deliver all such Intra-Group Creditor Turnover Receipts to the Designated Payee.

6.2 INVESTOR TURNOVER OBLIGATIONS

Each of the Investors agrees with each of the other Creditors and hereby declares that, except for Permitted Investor Payments, all Investor Recoveries (all together the "INVESTOR TURNOVER RECEIPTS") shall, during any period before the Senior Discharge Date, be paid by the Investor to the Designated Payee for application by the Designated Payee in accordance with clause 9 (Application of Recoveries) and that Investor shall, forthwith after receipt or discharge, pay, transfer, assign or deliver all such Investor Turnover Receipts to the Designated Payee.

6.3 HEDGING LENDERS' TURNOVER OBLIGATIONS

Each of the Hedging Lenders agrees with the other Finance Parties and hereby declares that, except for Permitted Hedging Payments, all Hedging Recoveries, (all together the "HEDGING LENDER TURNOVER RECEIPTS") shall, during any period before the Senior Discharge Date, be paid by the Hedging Lender to the Designated Payee for application by the Designated Payee in accordance with clause 9 (Application of Recoveries), and that Hedging Lender shall, forthwith after receipt or discharge, pay, transfer, assign or deliver all such Hedging Lender Turnover Receipts to the Designated Payee.

6.4 REVIVAL OF LIABILITY

For the avoidance of doubt, amounts equal to any Intra-Group Creditor Turnover Receipts, Investor Turnover Receipts and Hedging Lender Turnover Receipts shall be treated as a Clawback and as such shall be reinstated pro tanto as Intra-Group Debt, Investor Debt or Hedging Debt (as the case may be). The Parent will fully indemnify each of the Hedging Lenders upon demand if (and to the extent that) any purported re-instatement of a Clawback as Hedging Debt contemplated by this clause 6.4 proves to be ineffective for any reason.

6.5 PRESERVATION OF DEBT

Notwithstanding any term of this agreement postponing, subordinating or preventing the payment of any of the High Yield Intra-Group Debt or the Investor Debt, the High Yield Intra-Group Debt and the Investor Debt concerned shall, solely as between the Obligor and the Investors, be deemed to remain owing or due and payable in accordance with the terms of the High Yield Intra-Group Bond Documents and the Investor Documents (as the case may be) in order that interest and default interest and indemnity payments will accrue thereon in accordance with and to the extent provided for in the High Yield Intra-Group Bond Documents and the Investor Documents respectively. No delay in exercising rights and remedies under any of the High Yield Intra-Group Bond Documents or the Investor Documents by reason of any term of this agreement postponing, restricting or preventing such exercise shall operate as a permanent waiver or any of those rights and remedies or otherwise deprive the High Yield Issuer or any of the Investors (as the case may be) of any of their respective rights against any Obligor or any other person.

7. PRIORITY OF SECURITY

7.1 RANKING

All guarantees, indemnities and security conferred on the Finance Parties by the Security Documents will for all purposes and at all times secure the Senior Debt only.

7.2 HEDGING LIABILITIES

The security constituted by the Security Documents shall secure the Hedging Debt and the remainder of the Senior Debt on a pari passu basis.

8. ENFORCEMENT OF SECURITY

8.1 ENFORCEMENT BY THE SECURITY AGENT

The Security Agent shall act in relation to the Security Documents in accordance with the instructions of the Majority Senior Creditors, which shall override any conflicting instructions given by or on behalf of any other person.

8.2 EXEMPTION

No Finance Parties shall be responsible to the Investors or any other person for any instructions given or not given to the Security Agent in relation to the Security Documents, provided in each case they act in good faith.

8.3 RELEASE OF SECURITY ON ENFORCEMENT

If, pursuant to or for the purpose of effecting any Enforcement Action taken or to be taken by the Security Agent in accordance with the provisions of this agreement, the Security Agent requires any release of any guarantee or security granted by any Group Company or Obligor, each of the parties to this agreement shall promptly enter into such documents as the Security Agent shall reasonably require as being necessary to enable such Enforcement Action to be effected.

8.4 AUTHORITY OF SECURITY AGENT

(a) If, in connection with any Enforcement Action:

- (i) the Security Agent sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset under any Security Document; or
- (ii) a Group Company sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset at the request of the Security Agent,

the Security Agent is hereby authorised by each Creditor and Intra-Group Creditor:

- (A) to release in any manner whatsoever any Security Interest created by the Security Documents over the relevant asset; and
- (B) (if the relevant asset comprises all of the shares in the capital of a Group Company) to release in any manner whatsoever that Group Company from all past, present and future liabilities (both actual and contingent) and/or the obligations in its capacity as a Guarantor or Borrower of the whole or any part of the financial instruments account (or equivalent) of the Debt and to release any Security Interest granted by that Group Company over any asset under any Security Document.

(b) Each Creditor and Intra-Group Creditor hereby undertakes in favour of the Security Agent to execute any releases or other documents and take any action which the Security Agent may reasonably require in order to give effect to the provisions of clause 8.4(a).

(c) The release of any Group Company as contemplated in clause 8.4(a) will not affect or otherwise reduce the obligations and/or liabilities of any other Group Company to the Creditors and Intra-Group Creditor.

9. APPLICATION OF RECOVERIES

9.1 APPLICATION

All proceeds of enforcement of the security conferred by the Security Documents, all recoveries by the Security Agent under guarantees of the Debt and all amounts paid to the Designated Payee under this agreement (whether under the turnover provisions or otherwise) shall be applied in the following order:

- (a) first, in payment of unpaid fees, costs and expenses (including interest on them recoverable under the Security Documents) incurred by or on behalf of the Security Agent (and any adviser or agent appointed by it) and the remuneration of the Security Agent and its advisers and agents under the Security Documents;
- (b) second, in payment of unpaid costs and expenses incurred by or on behalf of the Finance Parties in connection with enforcement of the Security Documents;
- (c) third, in payment to the Facility Agent for application towards unpaid and outstanding Senior Debt (including amounts due to the Facility Agent); and
- (d) fourth, in payment of the surplus (if any) to the Parent or other person entitled to it (including any other Obligors).

PROVIDED THAT:

if the application of any recoveries ("AFFECTED RECOVERIES") under this clause 9 in or towards the discharge of any Debt would result in or have the effect of an unlawful payment or discharge then, subject to clause 15 (Loss Sharing), those Affected Recoveries will be applied in or towards the discharge in full only of the Senior Debt (but subject at all times to the provisions of this agreement) guaranteed or secured by the rights (whether guarantee, indemnity or security) the enforcement or realisation of which gave rise to the Affected Recoveries:

9.2 APPLICATION OF REPORTS RECOVERIES

If any of the Creditors (other than the Senior Lenders) receives any money:

- (a) before the Enforcement Date, as a result of making any claim for costs, damages or other losses incurred in connection with any of the transactions contemplated in any of the Senior Finance Documents and the Transaction Documents in relation to any of the Reports (such moneys, whether received before, on or after the Enforcement Date, "REPORTS RECOVERIES"), it shall pay an amount equal to the amount of such moneys (less the costs and expenses directly incurred in making such claim) to the Parent by way of a loan (a "REPORTS LOAN") (but subject at all times to the provisions of this agreement) which shall form part of the liabilities owing to that Creditor and, as such, shall be subordinated to and otherwise restricted in accordance with the provisions of this agreement and those moneys shall be applied in prepayment of the Senior Debt in accordance with the Senior Facility Agreement as though such moneys were Net Proceeds; or
- (b) on or after the Enforcement Date, it shall pay an amount equal to the Reports Recoveries (less the costs and expenses directly incurred in making the relevant claim) to the Designated Payee for application under clause 9.1 (Application), PROVIDED THAT, as between the relevant Creditor and any Group Company such Reports Recoveries shall be deemed to be the proceeds of a loan to the relevant Group Company of an amount equal to such Reports Recoveries for the purpose of assisting such Group Company to discharge its obligations and liabilities in accordance with this agreement and where such loan is repayable on demand (but subject at all times to the provisions of this agreement) which shall form part of the Debt owing to such Creditor and, as such, shall be subordinated in accordance with the provisions of this agreement.

9.3 APPROPRIATIONS

Subject to clause 15 (Loss Sharing), each Creditor may (subject in each case to the provisions of this agreement and the other Senior Finance Documents) apply any moneys received under this agreement

to any item of account or liability in respect of the indebtedness owed to it, as the case may be, in such order or manner as it may determine (save as expressly provided in the relevant Senior Finance Document); and

10. STATUS OF OBLIGORS

10.1 OBLIGORS' ROLE

Each Obligor and Investor is party to this agreement in order to acknowledge the priorities, rights and obligations set out in this agreement and undertakes not to take or agree to take any action which may in any way prejudice or affect the enforcement of the provisions of this agreement or do anything which would be inconsistent with any provision of this agreement.

10.2 NO RIGHTS

No Obligor nor any Investor (except pursuant to clause 4.5 (Permitted Investor Enforcement Action)) shall have any rights under this agreement and none of the undertakings in this agreement on the part of the Finance Parties (or deemed to be given) to or for the benefit of any Obligor or Investor.

11. CONSENTS AND WAIVERS UNDER SENIOR FINANCE DOCUMENTS

If a Finance Party or the Majority Senior Creditors (as the case may be) gives a consent or waive a right under or in relation to any Senior Finance Document in circumstances where the relevant Obligor is required to obtain a corresponding consent or waiver under or in relation to the provisions of any Investor Document or High Yield Intra-Group Bond Document, that consent or waiver, if given under the relevant Senior Finance Document, shall automatically operate as a consent or waiver (as the case may be) given under the relevant Investor Document or High Yield Intra-Group Bond Document.

12. REPRESENTATIONS AND WARRANTIES

Each party to this agreement represents and warrants to and for the benefit of each of the other parties to this agreement that it:

- (a) is duly established and (if a company) duly incorporated and validly existing with limited liability under the laws of the place of its incorporation and has the power to own its assets and carry on its business;
- (b) has the power and capacity to enter into and comply with its obligations under this agreement; and
- (c) has taken all necessary action:
 - (i) to authorise the entry into and compliance with its obligations under this agreement;
 - (ii) to ensure that its obligations under this agreement are valid, legally binding and enforceable in accordance with their terms; and
 - (iii) to make this agreement admissible in evidence in the courts of France and in the jurisdiction in which it is incorporated.

13. INFORMATION AND CO-OPERATION

13.1 OTHER INFORMATION

The Parent (on behalf of itself and each other Group Company) authorises each Creditor to disclose to each other Creditor all information relating to it or the Group as a whole coming into the possession of that Creditor in connection with any Senior Finance Document or Investor Document (including the respective amounts of Debt outstanding from time to time).

13.2 CO-OPERATION

Each party to this agreement undertakes to use all reasonable endeavours to ensure that any and all Security Interests now or in the future held or obtained from any Group Company in relation to the Senior Debt shall be constituted by the Security Documents and held by the Security Agent as agent, for the benefit of the Senior Lenders. If for any reason it is not possible for any such Security Interests to be held by the Security Agent in that way, the parties shall procure that any alternative holder of security shall, as a condition precedent to its accepting any such Security Interest, adhere to this agreement by accepting obligations mutatis mutandis identical in all material respects to those incumbent on the Security Agent under this agreement.

13.3 CONSULTATION

The Finance Parties shall, so far as practicable in the circumstances, consult with each other:

- (a) before taking any formal steps to exercise any remedy against any Group Company or take other Enforcement Action; and
- (b) generally with regard to significant matters affecting the rights of the parties as regulated by this agreement, but nothing in this clause 13.3 or elsewhere in this agreement will invalidate or otherwise affect any action or step taken without any such consultation.

13.4 NOTIFICATION OF BREACH

Each party to this agreement will notify the Facility Agent and the Investors of any breach of the provisions of this agreement promptly upon that party becoming aware of that breach.

14. HEDGING LENDERS

14.1 IDENTITY OF HEDGING LENDERS

- (a) Each Hedging Lender shall be a Senior Lender or an Affiliate of a Senior Lender.
- (b) The Parent shall procure that no Group Company shall enter into any Hedging Agreement until the proposed Hedging Lender has entered into a Creditor Accession Agreement in that capacity.

14.2 HEDGING AGREEMENT

Each Hedging Lender will promptly provide to the Security Agent copies of the relevant Hedging Agreement to which it is a party. The Hedging Agreement entered into by the Hedging Lenders shall:

- (a) be based on the ISDA Master Agreement;
- (b) include an election that the "Second Method" (as contemplated in the ISDA Master Agreement) will apply; and

- (c) provide that the relevant Hedging Lender will, if so requested by the Facility Agent under clause 3.3(b) (Permitted Hedging Enforcement Action), following the occurrence of a Senior Declared Default, designate an Early Termination Date or otherwise be entitled to terminate any hedging transaction entered into under the relevant Hedging Agreement.

14.3 AMENDMENTS

No Hedging Lender shall amend or vary any Hedging Agreement to which it is party:

- (a) so that that Hedging Agreement ceases to comply with the requirements of this clause 14; or
- (b) in a manner which is prejudicial to the interests of the Finance Parties under the Senior Finance Documents,

in each case without the consent of the Security Agent acting on the instructions of the Majority Senior Creditors (for this purpose excluding that Hedging Lender in its capacity as such).

15. LOSS SHARING

15.1 NORMAL RECOVERIES

The Security Agent will apply all sums to be applied by it against the Senior Debt in accordance with clause 9.1 (Application).

15.2 EXCEPTIONAL RECOVERIES

- (a) If a Senior Lender (a "RECOVERING LENDER") makes a Senior Recovery in respect of any amounts owed by any Obligor otherwise than under clause 15.1 (Normal Recoveries):
 - (i) that Recovering Lender shall within three Business Days of receipt notify the Facility Agent and the Security Agent in writing of the amount of such Senior Recovery, the Obligor from which the Senior Recovery was made (the "RELEVANT OBLIGOR") and when the Senior Recovery was received;
 - (ii) the Security Agent shall then calculate what adjusting payments (if any) are required to be made by the Recovering Lender to the other Senior Lenders in order to ensure that the Senior Recovery is shared amongst all Senior Lenders with Outstandings at the Enforcement Date pro rata to their respective Outstandings; and
 - (iii) the Security Agent shall promptly notify the Recovering Lender and the other Lenders in writing of the amount of such adjusting payments (if any) and how they were calculated.
- (b) Within two Business Days of receipt by the Recovering Lender of the notice referred to in clause 15.2(a)(iii), the Recovering Lender shall pay to the Security Agent the amounts specified in such notice and following receipt the Security Agent shall promptly redistribute such amounts to the Senior Lenders for the purposes specified in clause 15.2(a)(iii), save that the Recovering Lender shall be treated as having already received its share of the relevant redistribution.

15.3 LOSS SHARING

If following:

- (a) the procedures set out in clauses 15.1 (Normal Recoveries) and/or 15.2 (Exceptional Recoveries); or
- (b) receipt by the Security Agent and the Facility Agent of a request in writing from a Senior Lender after the Enforcement Date,

it transpires that any portion of the Senior Debt will not be repaid and/or discharged (a "LOSS") and that the amount of such Loss is not shared between the Senior Lenders in the proportion that the Senior Commitments of each Senior Lender bears to the Total Commitments as at the Enforcement Date (taking no account for these purposes of any cancellation or reduction in Commitments under the Senior Facility Agreement due to such Enforcement Action), the Senior Lenders shall make such payments amongst themselves (as notified to them by the Security Agent) as are necessary to procure that the Loss is shared between them in such proportion.

15.4 OBLIGORS

- (a) If a Recovering Lender makes a payment to the Security Agent under clause 15.2(b) (Exceptional Recoveries) or any Senior Lender makes a payment under clause 15.3 (Loss Sharing) then, to the extent permitted by law:
 - (i) the liability of the Obligor to the relevant Senior Lender shall be increased (or treated as not having been reduced) by an amount equal to the payment so made; and
 - (ii) the Obligors will indemnify the relevant Senior Lender for all loss it may suffer as a result of making such payment.
- (b) Any indemnity payment received by a Senior Lender under clause 15.4(b) will itself be subject to the provisions of clauses 15.1 (Normal Recoveries) to 15.3 (Loss Sharing) (inclusive).

15.5 CURRENCY CALCULATIONS

For the purposes of this clause 15, if any amount needs to be converted into another currency it shall be converted by the Facility Agent at the spot rate of exchange of the Facility Agent (as determined by the Facility Agent) for the purchase of that other currency with that amount in the relevant foreign exchange market at the relevant time.

15.6 EXCEPTIONS TO SHARING OF RECOVERIES

Notwithstanding the foregoing provisions of this clause 15, no Recovering Lender will be obliged to share any Senior Recovery which it receives as a result of legal proceedings taken by it to recover any amounts owing to it under the Senior Finance Documents with any other party which has a legal right to, but does not, either join in those proceedings or commence and diligently pursue separate proceedings to enforce its rights in the same or another court (unless the proceedings instituted by the Recovering Lender are instituted by it without prior notice having been given to that other party through the Facility Agent).

15.7 NO SECURITY

The provisions of this clause 15 shall not, and shall not be construed so as to, constitute a Security Interest by any Senior Lender over all or any part of any amount received or recovered by it under any of the circumstances mentioned in this clause 15.

15.8 SENIOR FACILITY AGREEMENT

The provisions of this agreement will apply in place of clause 22 (Pro Rata Payments) of the Senior Facility Agreement as from the Enforcement Date.

16. APPOINTMENT AND DUTIES OF SECURITY AGENT

16.1 APPOINTMENT

(a) Each Finance Party:

- (i) appoints Credit Lyonnais as Security Agent to act as its security agent for the purposes of the Security Documents and this agreement and to execute the Security Documents on its behalf; and
- (ii) irrevocably authorises the Security Agent for and on its behalf to exercise the rights, powers and discretions which are specifically delegated to it by the terms of the Security Documents and this agreement, together with all rights, powers and discretions which are incidental thereto and to give a good discharge for any moneys payable under the Security Documents.

(b) The Security Agent will act solely as agent for the Finance Parties in carrying out its functions as agent under the Security Documents and this agreement and will exercise the same care as it would in dealing with a credit for its own account.

(c) The relationship between the Finance Parties and the Security Agent is that of principal and agent only. The Security Agent shall not have, nor be deemed to have, assumed any obligations to, or fiduciary relationship with, any party to this agreement other than those for which specific provision is made by the Security Documents and this agreement.

16.2 SECURITY AGENT'S DUTIES

The Security Agent shall:

- (a) send to each Beneficiary details of each communication delivered to it by an Obligor for that Beneficiary under this agreement or any Security Document as soon as reasonably practicable after receipt;
- (b) subject to those provisions of this agreement which require the consent of all Beneficiaries or all of a particular category of the Beneficiaries, act in accordance with any instructions given as provided in clause 8 (Enforcement of Security) or, if so instructed under clause 8 (Enforcement of security), refrain from exercising a right, power or discretion vested in it under this agreement or any Security Document; and
- (c) have only those duties, obligations and responsibilities expressly specified in this agreement or the Security Documents.

16.3 SECURITY AGENT'S RIGHTS

The Security Agent may:

- (a) perform any of its duties, obligations and responsibilities under this agreement or the Security Documents by or through its personnel, delegates or agents (on the basis that the Security Agent may extend the benefit of any indemnity received by it under this agreement to its personnel, delegates or agents);
- (b) except as expressly provided to the contrary in this agreement or any Security Document, refrain from exercising any right, power or discretion vested in it under this agreement or the Security Documents until it has received instructions in accordance with this agreement;
- (c) refrain from doing anything which would or might in its opinion be contrary to any law, regulation or judgment of any court of any jurisdiction or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with any such law, regulation or judgment;
- (d) assume that no Default has occurred, unless an officer of the Security Agent while active on the account of the Obligors acquires actual knowledge to the contrary;
- (e) refrain from taking any step (or further step) to protect or enforce the rights of any Beneficiary under this agreement or any Security Document until it has been indemnified and/or secured to its satisfaction against all losses (including legal fees) which it would or might sustain or incur as a result;
- (f) rely on any communication or document believed by it to be genuine and correct and assume it to have been communicated or signed by the person by whom it purports to be communicated or by whom it purports to be signed;
- (g) rely as to any matter of fact which might reasonably be expected to be within the knowledge of any Group Company on a statement by or on behalf of that Group Company;
- (h) obtain and pay for any legal or other expert advice or services which may seem necessary to it or desirable and rely on any such advice;
- (i) accept without enquiry any title which an Obligor may have to any asset intended to be the subject of the security created by the Security Documents; and
- (j) hold or deposit any document of title, Security Documents or any other documents in connection with any of the assets charged by the Security Documents with any banker or banking company or any company whose business includes undertaking the safe custody of documents or with any lawyer or firm of lawyers and it shall not be responsible for or be required to insure against any loss incurred in connection with any such holding or deposit and it may pay all sums required to be paid on account or in respect of any such deposit.

16.4 EXONERATION OF THE SECURITY AGENT

Neither the Security Agent nor any of its personnel or agents shall be:

- (a) responsible for the adequacy, accuracy or completeness of any representation, warranty, statement or information in this agreement or the Security Documents or any notice or other document delivered under this agreement or the Security Documents;

- (b) responsible for the execution, delivery, validity, legality, adequacy, enforceability or admissibility in evidence of this agreement or any Security Document;
- (c) obliged to enquire as to the occurrence or continuation of any Default or as to the accuracy or completeness of any representation or warranty made by any person;
- (d) responsible for any failure of any Obligor or any of the Beneficiaries duly and punctually to observe and perform their respective obligations under this agreement or any Security Document;
- (e) responsible for the consequences of relying on the advice of any professional advisers selected by any of them in connection with this agreement or any Security Document;
- (f) liable for acting (or refraining from acting) in what it believes in good faith to be in the best interests of the Beneficiaries in circumstances where it has been unable, or it is not practicable, to obtain instructions in accordance with this agreement; or
- (g) liable for anything done or not done by it under or in connection with this agreement or any Security Document, save in the case of its own negligence or wilful misconduct.

16.5 THE SECURITY AGENT INDIVIDUALLY

- (a) For so long as it is a Finance Party, the Security Agent shall have the same rights and powers under the Senior Finance Documents as any other Finance Party and may exercise those rights and powers as if it were not also acting as Security Agent.
- (b) The Security Agent may:
 - (i) retain for its own benefit and without liability to account any fee or other sum receivable by it for its own account; and
 - (ii) accept deposits from, lend money to, provide any advisory, trust or other services to or engage in any kind of banking or other business with any party to this agreement or any subsidiary of any party (and, in each case, may do so without liability to account).

16.6 COMMUNICATIONS AND INFORMATION

- (a) All communications to an Obligor in connection with the Security Documents are to be made by or through the Security Agent. Each Beneficiary will notify the Security Agent of, and provide the Security Agent with a copy of, any communication between that Beneficiary, an Obligor or any other Finance Party on any matter concerning this agreement or the Security Documents.
- (b) The Security Agent will not be obliged to transmit to the Beneficiaries any information relating to any party to this agreement or any Security Document which the Security Agent may have acquired otherwise than in its capacity as Security Agent. Notwithstanding anything to the contrary expressed or implied in this agreement or any Security Document, the Security Agent shall not, as between itself and the Beneficiaries, be bound to disclose to any Beneficiary or other person any information, disclosure of which might in the opinion of the Security Agent result in a breach of any law or regulation or be otherwise actionable at the suit of any person.
- (c) In acting as Security Agent for the Beneficiaries, the Security Agent's banking division shall be treated as a separate entity from any other of its divisions (or similar unit of the Security

Agent in any subsequent re-organisation) or subsidiaries (the "OTHER DIVISIONS") and, if the Security Agent acts for any Group Company in a corporate finance or other advisory capacity ("ADVISORY CAPACITY"), any information given any Group Company to one of the Other Divisions is to be treated as confidential and will not be available to the Beneficiaries without the consent of the Parent, except that:

- (i) the consent of the Parent shall not be required in relation to any information which the Security Agent in its discretion determines relates to a Default or in respect of which the Beneficiaries have given a confidentiality undertaking in a form satisfactory to the Security Agent and the relevant Group Company (acting reasonably); and
- (ii) if representatives or employees of the Security Agent receive information in relation to a Default whilst acting in an Advisory Capacity, they will not be obliged to disclose that information to representatives or employees of the Security Agent in their capacity as Security Agent or to any of the Beneficiaries, if to do so would breach any rule or regulation or fiduciary duty imposed upon those persons.

16.7 NON-RELIANCE ON SECURITY AGENT

Each Beneficiary confirms that it is (and will at all times continue to be) solely responsible for making its own independent investigation and appraisal of the business, operations, financial condition, creditworthiness, status and affairs of each Group Company and has not relied, and will not at any time rely, on the Security Agent:

- (a) to provide it with any information relating to the business, operations, financial condition, creditworthiness, status and affairs of any Group Company, whether coming into its possession before or after the making of any Advance, except as specifically provided otherwise in this agreement;
- (b) to check or enquire into the adequacy, accuracy or completeness of any information provided by any Group Company under or in connection with this agreement or any Security Document (whether or not such information has been or is at any time circulated to it by the Security Agent); or
- (c) to assess or keep under review the business, operations, financial condition, creditworthiness, status or affairs of any Group Company.

16.8 SECURITY AGENT'S INDEMNITY

- (a) Each Finance Party shall on demand indemnify the Security Agent (in the proportion which that Finance Party's Senior Credit Participation bears to the total Senior Credit Participations) against any loss incurred by the Security Agent in complying with any instructions from the Finance Parties or the Majority Senior Creditors (as the case may be) or otherwise incurred in connection with this agreement or the Security Documents or its duties, obligations and responsibilities under this agreement or the Security Documents, except to the extent that they are incurred as a result of the gross negligence or wilful misconduct of the Security Agent or any of its personnel.
- (b) The provisions of clause 16.8(a) are without prejudice to the obligations of the Parent to indemnify the Security Agent, and the Parent will reimburse each Beneficiary on demand for any payment made by that Beneficiary under clause 16.8(a), unless, where the Security Agent's loss was incurred as a result of instructions received from that Beneficiary, those instructions were unreasonable.

16.9 TERMINATION AND RESIGNATION OF SECURITY AGENT

- (a) The Security Agent may resign its appointment at any time by giving notice to the Beneficiaries and the Parent.
- (b) A successor Security Agent shall be selected:
 - (i) by the retiring Security Agent nominating one of its Affiliates (following consultation with the Parent) as successor Security Agent in its notice of resignation;
 - (ii) if the retiring Security Agent makes no such nomination, by the Beneficiaries nominating a Beneficiary acting through an office in France or London as successor Security Agent (following consultation with the Parent); or
 - (iii) if the Beneficiaries have failed to nominate a successor Security Agent within 30 days of the date of the retiring Security Agent's notice of resignation, by the retiring Security Agent (following consultation with the Parent) nominating a financial institution of good standing acting through an office in France or London to be the successor Security Agent.
- (c) The Majority Senior Creditors may, at any time with the consent of the Parent (such consent not to be unreasonably withheld or delayed) by 30 days prior notice to the Security Agent and the Parent, terminate the appointment of the Security Agent and appoint a successor Security Agent.
- (d) The resignation or termination of the retiring Security Agent and the appointment of the successor Security Agent will become effective only upon the successor Security Agent accepting its appointment as Security Agent, and upon the execution of all documents necessary to substitute the successor as holder of the security comprised in the Security Documents, at which time:
 - (i) the successor Security Agent will become bound by all the obligations of the Security Agent and become entitled to all the rights, privileges, powers, authorities and discretions of the Security Agent under this agreement;
 - (ii) the agency of the retiring Security Agent will terminate (but without prejudice to any liabilities which the retiring Security Agent may have incurred prior to the termination of its agency);
 - (iii) the retiring Security Agent will be discharged from any further liability or obligation under or in connection with this agreement or the Security Documents.
- (e) The retiring Security Agent will co-operate with the successor Security Agent in order to ensure that its functions are transferred to the successor Security Agent without disruption to the service provided to the Beneficiaries and the Parent and will promptly make available to the successor Security Agent the documents and records which have been maintained in connection with this agreement and the Security Documents in order that the successor Security Agent is able to discharge its functions.
- (f) The provisions of this agreement will continue in effect for the benefit of any retiring Security Agent in respect of any actions taken or omitted to be taken by it or any event occurring before the termination of its agency.

16.10 ROLE OF THE SECURITY AGENT

The Security Agent will execute and manage all Security Documents on behalf of all the Finance Parties and will apply all payments and other benefits received by it under the Security Documents in accordance with this agreement.

16.11 PAYMENTS TO FINANCE PARTIES

The Security Agent may retain for its own use and benefit, and will not be liable to account to any person for all or any part of, any sums received by way of agency or arrangement fee or by way of reimbursement of expenses incurred by it.

16.12 CHANGE OF OFFICE OF SECURITY AGENT

The Security Agent may at any time in its sole discretion by notice to each Beneficiary and the Parent designate a different office in France or London from which its duties as Security Agent will be performed from the date of notification.

17. COSTS AND EXPENSES

17.1 INDEMNITY

The Parent will indemnify each of the Creditors on demand from and against any loss which any such party may reasonably incur in connection with the negotiation, preparation, execution, amendment, release and/or enforcement or attempted enforcement of, or preservation of any such parties rights' under this agreement, including any present or future stamp or other taxes or duties and any penalties or interest with respect thereto which may be imposed by any competent jurisdiction in connection with the execution or enforcement of this agreement or in consequence of any loss being incurred as a result of any payment made under this agreement (whether made by an Obligor or a third person) being impeached or declared void for any reason whatsoever (upon production of duly documented evidence).

17.2 INTEREST

Amounts payable under clause 17.1 (Indemnity) which are not paid on demand shall carry default interest at the Default Rate both before and after judgment, from the date of demand and shall form part of the relevant Debt. All such default interest shall be compounded in accordance with article 1154 of the French Civil Code.

18. NOTICES

18.1 MODE OF SERVICE

- (a) Except as specifically provided otherwise in this agreement, any notice, demand, consent, agreement or other communication (a "NOTICE") to be served under or in connection with the Senior Finance Documents will be in writing and will be made by letter or by facsimile transmission to the party to be served.
- (b) The address and facsimile number of each party to this agreement for the purposes of clause 18.1(a) are:
 - (i) the address and facsimile number shown immediately after its name on the signature pages of this agreement (in the case of any person who is a party as at the date of this agreement);

(ii) the address and facsimile number notified by that party for this purpose to the Security Agent on or before the date it becomes a party to this agreement (in the case of any person who becomes a party after the date of this agreement); or

(iii) any other address and facsimile number notified by that party for this purpose to the Security Agent by not less than five Business Days' notice.

(c) Any Notice to be served by any Obligor on a Finance Party will be effective only if it is expressly marked for the attention of the department or officer (if any) specified in conjunction with the relevant address and facsimile number referred to in clause 18.1(b).

18.2 DEEMED SERVICE

(a) Subject to clause 18.2(b), a Notice will be deemed to be given as follows:

(i) if by letter, when delivered personally or on actual receipt; and

(ii) if by facsimile, when delivered.

(b) A Notice given under clause 18.2(a) but received on a non-Business Day or after business hours in the place of receipt will only be deemed to be given on the next Business Day in that place.

18.3 LANGUAGE

(a) Any notice must be in English.

(b) All other documents provided under or in connection with any Senior Finance Document must be:

(i) in English; or

(ii) if not in English, accompanied by a certified English translation in which case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

19. CHANGES TO PARTIES

19.1 ASSIGNMENT AND TRANSFERS BY THE OBLIGORS

No Obligor may assign or transfer all or any part of its rights, benefits or obligations under this agreement.

19.2 ASSIGNMENTS AND TRANSFERS BY CREDITORS

(a) A Creditor (in this capacity the "TRANSFEROR") may at any time assign any of its rights under this agreement or transfer any of its rights and obligations under this agreement to any person (a "TRANSFeree") to whom a Transferor is permitted to assign or transfer rights, benefits and obligations under the Senior Finance Documents or the Investor Documents (as the case may be).

(b) An assignment or transfer will only be effective if the Security Agent executes a Creditor Accession Agreement duly completed and signed on behalf of the Transferee under which the

Transferee agrees to be bound by all of the terms of this agreement as if it had originally been party to this agreement as a Finance Party or an Investor (as the case may be).

- (c) Each of the parties to this agreement (other than the Transferee) irrevocably authorises the Security Agent to execute on its behalf any Creditor Accession Agreement which has been duly completed and executed on behalf of the Transferee.
- (d) The Security Agent will promptly notify the other parties to this agreement of the receipt and execution by it on their behalf of any Creditor Accession Agreement.

19.3 ACCESSION OF NEW OBLIGORS

- (a) The Parent will procure that any Group Company or other person (a "NEW OBLIGOR") which grants any Security Interest or guarantee in respect of, or otherwise becomes liable for, any Debt after the date of this agreement will promptly complete, sign and deliver to the Security Agent an Obligor Accession Agreement under which the New Obligor agrees to be bound by all of the terms of this agreement as if it had originally been party to this agreement as an Obligor.
- (b) The Security Agent will promptly notify the other parties to this agreement of the receipt by it of any Obligor Accession Agreement.

19.4 ACCESSION OF NEW INTRA-GROUP CREDITORS

The Parent will procure that any Group Company which is an Intra-Group Creditor of the Parent will become an Intra-Group Creditor for the purpose of this agreement by executing an Obligor Accession Agreement in such capacity.

19.5 BENEFIT OF AGREEMENT

This agreement will be binding upon, and ensure for the benefit of, each party to it and its or any subsequent successors or assigns.

20. MISCELLANEOUS

20.1 CERTIFICATES CONCLUSIVE

Save as expressly provided otherwise in any Senior Finance Document, a certificate, determination, notification or opinion of the Facility Agent, the Security Agent or any Senior Lender stipulated for in this agreement as to any amount payable under any Senior Finance Document will be conclusive and binding on the Parent, except in the case of manifest error.

20.2 NO IMPLIED WAIVERS

- (a) No failure or delay by any of the Senior Lenders in exercising any right, power or privilege under this agreement will operate as a waiver of that right, power or privilege, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise of that right, power or privilege, or the exercise of any other right, power or privilege.
- (b) The rights and remedies provided in this agreement are cumulative and not exclusive of any rights and remedies provided by law and all those rights and remedies will, except where expressly provided otherwise in this agreement, be available to the Finance Parties severally

and any Finance Party shall be entitled to commence proceedings in connection with those rights and remedies in its own name.

- (c) A waiver given or consent granted by any Finance Party under this agreement will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

20.3 INVALIDITY OF ANY PROVISION

- (a) If any provision of this agreement is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.
- (b) Without prejudice to the generality of clause 20.3(a) above, the obligations of the Parent under this agreement will not extend beyond a point where they would cause the infringement of article L225-216 of the New French Commercial Code.

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

21.1 GOVERNING LAW

This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement) shall be governed by, and construed in accordance with, French law.

21.2 SUBMISSION TO JURISDICTION

For the benefit of each party to this agreement, each other party to this agreement irrevocably submits to the exclusive jurisdiction of the Commercial Court of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining any dispute arising out of this agreement and for the purpose of enforcement of any judgment against its assets.

SCHEDULE 1
THE INVESTORS

NAME	PLACE OF INCORPORATION
PAI Europe III - A FCPR	France
PAI Europe III - B FCPR	France
PAI Europe III - C FCPR	France
PAI Europe III - D FCPR	France
PAI Europe III - D2 FCPR	France
Mediterranea GPL SpA	Italy
UGI France, Inc.	Delaware, USA

SCHEDULE 2
CREDITOR ACCESSION AGREEMENT

[referred to in clause 19.2 (Assignments and Transfers by Creditors)]

THIS AGREEMENT is made on [_____]

BETWEEN:

- (1) [_____] (the "NEW [FINANCE PARTY/HEDGING LENDER/INVESTOR]"); and
- (2) [_____] in its capacity as Security Agent under the Intercreditor Agreement.

RECITALS:

- (A) This agreement is supplemental to an intercreditor agreement dated 7 July 2003, (the "INTERCREDITOR AGREEMENT") between, among others, AGZ Holding and the entities named therein as Senior Lenders, High Yield Issuer and Investors.
- (B) This agreement has been entered into to record the accession of the New [Finance Party/Hedging Lender/Investor] as a [Finance Party/Hedging Lender/Investor] under the Intercreditor Agreement.

IT IS AGREED as follows:

1. DEFINITIONS

Words and expressions defined in the Intercreditor Agreement have the same meanings when used in this agreement.

2. ACCESSION OF NEW CREDITOR

- 2.1 The New [Finance Party/Hedging Lender/Investor] agrees to become, with immediate effect, a party to, and agrees to be bound by the terms of, the Intercreditor Agreement as if it had originally been party to the Intercreditor Agreement as a [Finance Party/Hedging Lender/Investor].
- 2.2 The New [Finance Party/Hedging Lender/Investor] confirms that its address details for notices in relation to clause 18 (Notices) are as follows:

Address: [_____]
Facsimile: [_____]
Attention of: [_____]

- 2.3 The Security Agent for itself and the other parties to this agreement other than the New [Finance Party/Hedging Lender/Investor] confirms the acceptance of the New [Finance Party/Hedging Lender/Investor] as a [Finance Party/Hedging Lender/Investor] for the purposes of the Intercreditor Agreement.

3. LAW

- 3.1 This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed) shall be governed by and construed in accordance with French law.

3.2 For the benefit of each Financial Party, each of the parties hereto irrevocably submits to the exclusive jurisdiction of the Commercial Court of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining at first instance any dispute arising out of this agreement.

SIGNATORIES TO THE CREDITOR ACCESSION AGREEMENT

THE NEW [FINANCE PARTY/HEDGING LENDER/INVESTOR]

Executed by)
[Name])
)
)

THE SECURITY AGENT

Executed by)
[Name])
)
)

SCHEDULE 3
OBLIGOR ACCESSION AGREEMENT
[referred to in clause 19.3 (Accession of New Obligors)
and clause 19.4 (Accession of New Intra-Group Creditors)]

THIS AGREEMENT is made on [_____]

BETWEEN:

- (1) [_____] (the "NEW OBLIGOR"); and
- (2) [_____] in its capacity as Security Agent under the Intercreditor Agreement

RECITALS:

- (A) This agreement is supplemental to an intercreditor agreement dated 7 July 2003, (the "INTERCREDITOR AGREEMENT") between amongst others, AGZ Holding and the entities named therein as Senior Lenders, High Yield Issuer and Investors.
- (B) This agreement has been entered into to record the accession of the New Obligor as an [Obligor / Intra-Group Creditor] under the Intercreditor Agreement.

IT IS AGREED as follows:

1. DEFINITIONS

Words and expressions defined in the Intercreditor Agreement have the same meanings when used in this agreement.

2. ACCESSION OF NEW OBLIGOR

- 2.1 The New Obligor agrees to become, with immediate effect, a party to, and agrees to be bound by the terms of the Intercreditor Agreement as if it had originally been party to the Intercreditor Agreement as an [Obligor / Intra-Group Creditor].
- 2.2 The New Obligor confirms that its address details for notices in relation to clause 18 (Notices) are as follows:

Address: [_____]
Facsimile: [_____]
Attention of: [_____]

3. LAW

- 3.1 This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed) shall be governed by and construed in accordance with French law.
- 3.2 For the benefit of each Financial Party, each of the parties hereto irrevocably submits to the exclusive jurisdiction of the Commercial Court of Paris (Tribunal de Commerce de Paris) for the purpose of hearing and determining at first instance any dispute arising out of this agreement.

SIGNATORIES TO THE OBLIGOR ACCESSION AGREEMENT

THE NEW OBLIGOR

Executed by)
[Name])
)
)

THE SECURITY AGENT

Executed by)
[Name])
)
)

SIGNATORIES TO THE INTERCREDITOR AGREEMENT

PARENT
AGZ HOLDING

By _____

NOTICE DETAILS

Address: 43 avenue de l'Opera
75002 Paris
France

Facsimile: 33 1 55 77 91 28
Attention of: Finance Director

ANTARGAZ
ANTARGAZ

By _____

NOTICE DETAILS

Address: Immeubles Les Renardieres
3, Place de Saverne
92400 Courbevoie

Facsimile: 01 41 88 73 13
Attention of: Finance Director

HIGH YIELD ISSUER
AGZ FINANCE

By _____

NOTICE DETAILS

Address: 398, route d'Esch
L-1471 Luxembourg
Luxembourg

Facsimile: +352 48 18 63
+33 1 55 77 91 28
+33 1 41 88 73 13
Attention of: the Directors

SENIOR LENDERS
CREDIT LYONNAIS

By: _____

NOTICE DETAILS

Address: Investment / Banking / DPID / Leveraged Finance
81/83, rue de Richelieu
75002 Paris
France

Facsimile: +33 1 42 95 14 72 / 88 21
Attention: Jerome Del Ben
Brigitte Chalaud

INVESTORS

PAI EUROPE III - A FCPR
PAI EUROPE III - B FCPR
PAI EUROPE III - C FCPR
PAI EUROPE III - D FCPR
PAI EUROPE III - D2 FCPR
Represented by PAI Management

By _____

NOTICE DETAILS

Address: 43, avenue de l'Opera
75002 Paris
France

Facsimile: +33 1 55 77 91 28
Attention of: Herve Couffin, Olivier de Vregille, Frederic Stevenin,
Lionel Mestre

UGI FRANCE, INC.

By _____

NOTICE DETAILS

Address: 460 North Gulph Road
King of Prussia
PA 19406
USA

Facsimile: 001 610 992 3259
Attention of: Vice President and General Counsel

MEDIT MEDITERANEA GPL SPA

By _____

NOTICE DETAILS

Address: Via Tadini 2
Novara
Italy

Facsimile: 39 0321 39 14 36
Attention of: Antonio Careri

FACILITY AGENT
CREDIT LYONNAIS

By _____

NOTICE DETAILS

Address: London
England

Facsimile:
Attention of:

SECURITY AGENT
CREDIT LYONNAIS

By _____

NOTICE DETAILS

Address: Investment / Banking / DPID / Leveraged Finance
81/83, rue de Richelieu
75002 Paris
France

Facsimile: +33 1 42 95 14 72 / 88 21
Attention: Jerome Del Ben
Brigitte Chalaud

SELLER'S GUARANTEE
REPRESENTATIONS AND GUARANTEES

BETWEEN THE UNDERSIGNED:

- (1) ELF ANTAR FRANCE, a joint stock company under French law, headquartered at 24 Cours Michelet, Puteaux (95800), registered with the Registry of Commerce and Companies of Nanterre under No. 302 556 832,

Represented by Mr. Jean-Paul Vettier, acting in his capacity as Managing Director of Refinery and Marketing of TotalFinaElf S.A., duly authorized for the purposes hereof,

(hereinafter the "SELLER" or "EAF"),

PARTY OF THE FIRST PART,

AND

- (2) ELF AQUITAINE, a joint stock company under French law, headquartered 2, place de la Coupole, La Defense 6, Courbevoie 92400 and registered with the Registry of Commerce and Companies of Nanterre under No. 552 120 784,

Represented by Mr. Jean-Paul Vettier, acting in his capacity as Managing Director of Refinery and Marketing of TotalFinaElf S.A., duly authorized for the purposes hereof,

(hereinafter the "SELLER" or "ELF AQUITAINE")

PARTY OF THE SECOND PART,

(EAF and Elf Aquitaine hereinafter jointly referred to as the "GUARANTORS")

AND

- (3) AGZ HOLDING, a joint stock company under French law, headquartered at 43, avenue de l'Opera, 75002 Paris and which is registered with the Registry of Commerce and Companies of Paris under No. 413 765 108,

Represented by Mr. Herve Couffin, acting in his capacity as Chairman of the Board of Directors, duly authorized for the purposes hereof,

(hereinafter referred to as the "BENEFICIARY")

PARTY OF THE THIRD PART,

RECITALS:

1. By decision of February 9, 2000 (the "DECISION"), the European Communities Commission (the "EUROPEAN COMMISSION") authorized the merger between TOTAL FINA and ELF AQUITAINE.

To preserve effective, durable competition in the markets concerned, this decision was made contingent upon TOTAL FINA ELF's meeting commitments concerning the transfer of a certain number of assets related to various activities conducted by the Group TotalFinaElf ("TFE") in metropolitan France, including the so-called LPG activity.

This transfer commitment concerns only LPG activities (packaged, small, medium and large bulk) in metropolitan France, excluding any other activities and more particularly, the interest held by ELF ANTARGAZ in affiliates engaging in LPG activities outside metropolitan France and that held in companies located in France or abroad, not engaging in LPG activities.

2. EAF holds all of the shares forming the stated capital of ELF ANTARGAZ, a joint stock company governed by French law with capital of 25,822,500 francs, headquartered at 3, place de Saverne ("Les Renardieres" building) in Courbevoie (92400), registered with the Registry of Commerce and Companies of Nanterre (572 126 043), hereinafter "EAZ").

EAZ engages directly in the commerce and industry of liquefied petroleum gas, and all substitutes therefor and derivatives thereof.

3. EAZ itself holds interest in other companies or groups.
4. EAF and Elf Aquitaine hold shares in the associated logistics companies; specifically, EAF holds 16.67% of the capital and the voting rights of Geogaz Lavera and 44.90% of the capital and voting rights of Geovexin, and Elf Aquitaine holds 72% of the capital and the voting rights of Societe Bearnaise des Gaz Liquefies (Sobegal).
5. An exact and complete organizational chart of the sub-group formed by EAZ, its affiliates and holdings and the interest held in the associated logistics companies appears in ADDENDUM 1 (A).
6. Pursuant to a private instrument dated as of the day hereof (hereinafter the "SPA"), EAF committed to transfer to Beneficiary, which agreed to purchase, the full title in all of the shares of capital of EAZ. In addition, on the Closing Date, and concurrently to this transfer, the Guarantors shall transfer to the Purchaser (or to EAZ in accordance with the power of substitution provided for in the SPA) the shares in Geogaz Lavera, Geovexin and Sobegal held by the Guarantors (the shares of EAZ, Geogaz Lavera, Geovexin, and Sobegal, which are the subject of these transfers, being designated hereinafter as the "SHARES").

NOW, THEREFORE, IT HAS BEEN AGREED AS FOLLOWS:

ARTICLE 1 - REPRESENTATIONS

The Guarantors represent and guarantee the exactness of the following facts as of this day and the day of transfer of title in the Shares, knowing that the representations made and the guarantees granted by the Guarantors are considered essential by the Beneficiary and were determining factors in its consenting to acquire the EAZ Shares, and directly or indirectly through EAZ, the shares of GEOGAZ LAVERA, GEOVEXIN and SOBEGAL under the terms of the SPA.

1.1. AFFILIATES AND HOLDINGS

1.1.1 EAF holds 516,450 shares, i.e., 100% of the capital of Elf Antar Gaz.

1.1.2 EAZ holds the following percentage of the capital and the voting rights in the following companies or groups:

- GIE NORGAL	52.667%	33.33% of voting rights
- RHONE GAZ S.A.	50.62%	
- SIGAP OUEST SARL	66.00%	
- WOGEGAL S.A.	100.00%	
- GAZ EST DISTRIBUTION S.A.	100.00%	
- NORD GPL S.A.	100.00%	
- GIE FLOREGAZ	80.00%	33.33% of voting rights
- SP de QUEVEN	50.00%	
- SP BUS PARIS	50.00%	
- MAISON DU BUTANE	100.00%	
- LYON DISTRIBUTION GAZ	100.00%	

All these companies and groups are referred to as the "AFFILIATES" of EAZ, including the company Midi Pyrenees Gaz, itself a 75%-owned affiliate of Wogegal, Dormeau Gaz, which was acquired by Maison du Butane in 2000, as well as Sobegal and Geovexin.

These companies and groups are also referred to individually hereinafter either by their corporate name or the abbreviation of such corporate name, or by the capitalized words "COMPANY" or the "COMPANY CONCERNED" or together with EAZ by the capitalized word the "COMPANIES."

In addition to its holdings in the Affiliates, pursuant to the organizational chart in ADDENDUM 1 (A), EAZ has a minority holding in other companies or groups and EAZ holds a minority interest in Geogaz Lavera (the said companies and groups being called the "HOLDINGS").

ADDENDUM 1(B) hereto contains the exact and complete list of the Companies and the Holdings, and notes their corporate form and shareholders.

1.2 CONSTITUTION AND CORPORATE LIFE

- 1.2.1 Each Company was regularly constituted and registered, and the corporate decisions and the articles of incorporation and amendments thereof were adopted, recorded and published pursuant to the law and regulations.
- 1.2.2 For each Company, corporate books (to wit, for corporations: book of minutes of decisions of the board of directors and attendance book for the board meetings, share transfer ledger, individual shareholder account records; for all Companies: books of minutes of stockholders meetings and attendance sheets for shareholder meetings) have been regularly kept and are updated with all decisions made by their managing bodies and operations that have occurred that concern shares and stock.
- 1.2.3 The Companies have all authorizations or licenses necessary to engage in their activities, all of which are currently valid, it being specified that the authorization relating to the operation of Geovexin is currently being renewed and that the new authorization relating to the operation of Geovexin will not entail compliance obligations with a cost superior to 13,800,000 francs. The Guarantors do not have any knowledge of any element that may motivate the refusal to renew, the suspension, the revocation, the withdrawal, or the cancellation of the said authorizations and licenses, and thus declare that the administrative decision renewing the authorization for the operation of Geovexin will therefore be rendered at the latest within nine months of the Closing Date.
- 1.2.4 The Companies cannot as stockholder, shareholder, or de facto manager or rightfully-appointed manager, present or past, of another entity, be made to pay all or part of the debts of said entity.
- 1.2.5 None of the Companies is a shareholder of an entity (with the exception, for EAZ, of SEP de QUEVEN, SEP BUS PARIS, GIE Norgal, GIE Floregaz, GIE GPL Bus, GIE Reflexe GPL, GIE Groupement Technique de Citernes) that, given its nature (a partnership (societe en nom collectif) or holding company (societe en

participation)), could give rise to liability that would exceed the amount of the contributions made to the said entity by its shareholders.

- 1.2.6 The Companies have always abided by the applicable directives, laws, regulations, and business practices in France and abroad.

None of the Companies has committed acts that could be considered to engage its criminal liability.

1.3 ANNUAL FINANCIAL STATEMENTS

- 1.3.1 Annual financial statements (balance sheet, income statement and notes) of EAZ, as at December 31, 1999, as well as the annual financial statements of the Affiliates, as at December 31, 1999 (hereinafter jointly the "FINANCIAL STATEMENTS"), certified by the statutory auditors of these Companies and appearing in ADDENDUM 2, were prepared pursuant to legal and usual accounting principles and the methods presented in the notes thereto, which are in compliance with the applicable legal and regulatory provisions, applied consistently with the previous years, and giving a truthful, complete and honest image of assets and liabilities, as well as of the operating results of the Companies as at December 31, 1999.

- 1.3.2 The interim financial statements (balance sheet, income statement and notes) of EAZ as at June 30, 2000, and appearing in ADDENDUM 2, were prepared pursuant to legal and usual accounting principles and give a truthful, complete and honest image of assets and liabilities, as well as of the operating results of EAZ as at June 30, 2000.

- 1.3.3 [Subject to holdings in so-called international affiliates or assets not included in the scope of the sale of EAZ defined by the European Commission and mentioned in the recitals, a list of which appears in ADDENDUM 3(A), which were transferred by EAZ prior to the change of control, all assets appearing in Financial Statements represent, subject to the following paragraph, all assets held by the Companies and actually exist.

The assets owned by the Companies also include the fixed assets taken up by the new franchisees following the terminations of the contracts that intervened after December 31, 1999, referred to in Addendum 3(B).

- 1.3.4 Aside from the indications arising from all ADDENDA to this guarantee agreement, at the end date of the fiscal period covered in their respective Financial Statements, the Companies did not have:

- Any other debt or legal, contractual, conditional obligation arising from an operation carried out at or prior to the end date

of the fiscal period covered in the Financial Statements, in particular, any corporate, fiscal, administrative or social security debt or obligation.

- Off-balance sheet commitments, liens, bonds, endorsements, guarantees other than those appearing in ADDENDUM 4.

1.3.5 The methods for posting to accounts consignments of bottles and security deposits for tanks made available to customers appear in ADDENDUM 5.

1.4 SHARES OR STOCK

1.4.1 The indication of the capital of each Company and Holding, number of shares or stock issued by each of them and the number of shares held by EAZ or the Guarantors appear in ADDENDUM 6. The Guarantors are the rightful owners of the Shares.

1.4.2 The shares or stock of the Companies and of the Holdings are all of the same class and give their bearers the same rights and obligations. The Shares were validly issued and have been fully paid; all of the entries in the share transfer registers of the Companies were made on the basis of share transfer orders kept with the registers or, as the case may be, on the basis of minutes of shareholder meetings. The Shares and the stock or shares of the Companies and of the Holdings held directly or indirectly by the Companies are not encumbered by any Lien and, subject to legal or statutory provisions, especially for GIE and partnerships, are not the object of any shareholders or partnership agreements, preemptive right or promise, except for Rhone Gaz, Geogaz Lavera and Geovexin, a detailed list of which appears in Addendum 7. None of the Companies or the Holdings has issued or is bound to issue any other shares, stock options, equity warrants or other rights or transferable securities that give access to registered capital, voting rights or any part whatsoever of the profits of the Companies or the Holdings. The Guarantors have not granted any option on the Shares.

1.4.3 The transfer by the Guarantors of the Shares to the Beneficiary does not violate any contract or necessitate any consent or authorization, with the exception of the prior approval of the Beneficiary by the European Communities Commission and the prior approval by the Boards of Directors of EAZ, Sobegal, Geogaz Lavera and Geovexin (and the preemption right of the shareholders of the latter). EAZ is not the object of any proceeding to exclude it from economic-interest groups (groupements d'interet economique) included in the Affiliates and Holdings and does not run any risk of being excluded in particular as a result of the transfer of the Shares from the Guarantors to the Beneficiary, except for GIE GPL Bus and GIE Operation Reflexe GPL,

as to which the change of control of EAZ makes a prior approval necessary.

1.5 COLLECTIVE PROCEEDINGS

The Companies are not the subject of a judgment of temporary suspension of prosecution, or court-ordered reorganization or court-ordered liquidation. Furthermore, they are not the object of a "procedure d'alerte" [procedure enabling an auditor or works council to call for explanations from the managers when the economic position of a business appears precarious] or amicable settlement nor are they or have they been in a state of insolvency.

1.6 FIXED ASSETS

1.6.1 OWNERSHIP

The Companies are the owners of assets or rights constituting the intangible, tangible and financial assets appearing in their respective Financial Statements. They are in normal state of use and maintenance.

1.6.2 LIENS ON ASSETS

The assets of the Companies are free of any Lien, other than those appearing in ADDENDUM 4.

1.7 REAL PROPERTY ASSETS

1.7.1 ADDENDUM 8(A) contains the exact and complete list of all the cities where the land, buildings or premises owned by the Companies or which they occupy or rent (the "PROPERTIES") are located.

1.7.2 The Properties, owned by the Companies, are in normal state of tenant repair and maintenance, are covered by valid, regular ownership titles, held by the Companies, and are not subject to any Lien. The research required by the applicable regulations regarding asbestos were undertaken on each of the Properties and none of the Properties needs to undergo asbestos removal work.

No Property is the subject of an eminent domain expropriation, whether partial or full, or of any other administrative measure which could noticeably depreciate the value thereof, nor is any particular easement likely to interfere with the use of the Property.

1.7.3 The origin of the thirty-year ownership of the Properties held by the Companies is in good order. No party except the Companies holds any right of occupancy or a lease over any of the Properties, subject to what is specified at ADDENDUM 8(B).

- 1.7.4 The Companies have not received any notice of any pending proceeding regarding any of the Properties.
- 1.7.5 All of the administrative authorizations relative to the occupation of the Properties have been procured. There is no pending proceeding that is of a nature that would cause the cancellation or withdrawal of these authorizations. The validity of these authorizations will not be called into question by the transfer of the Shares pursuant to the SPA. All of the permits for demolition and construction related to the work undertaken on the Properties and the certificates of conformity of said work have been obtained and have become definitive. The required insurance policies related to this work have been subscribed to in accordance with the applicable legal provisions and the insurance premiums related to these policies have been duly paid.
- 1.7.6 The construction permits and the zoning permits related to the Properties are either unreserved or subject to conditions that are neither personal nor temporary and that were satisfied or fully respected and performed.
- 1.7.7 There is no reported or potential liability related to a Property held or a ground or building previously occupied by any of the Companies.

1.7.8 LEASES

ADDENDUM 8 (B) contains the list of all of the buildings or premises leased or occupied by the Companies.

The leases to which the Companies are parties (the "LEASES") are still valid and are not the object of any dispute; they have not been the object of any request for termination, rescission, refusal to renew, or notice, except for those mentioned in ADDENDUM 8 (B).

The Properties occupied by the Companies were not the subject of work performed at the Companies' expense unless the necessary authorizations and approvals were obtained.

ADDENDUM 8(C) contains a list of the leasing agreements, and indicates the dates on which they took effect, as well as the expiration date and the exercise price of the option. Subject to the information listed in ADDENDUM 8(C), no leasing agreement with a yearly rent in excess of 200,000 French francs binds the Companies. The rents have been fully paid. The assets contemplated in these leasing contracts are, given their age and their use, in a normal state of repair.

The change-in-control of the Companies does not constitute a motive for accelerated repayment or a breach under a Lease or a leasing agreement. The Companies have complied with all of the terms and conditions of the Leases and the leasing agreements and the Companies

are entitled to enforce the Leases and leasing agreements according to the terms therein; in particular the business conducted on the leased premises is authorized by the Leases and leasing agreements.

All of the authorizations necessary for obtaining the Leases and the leasing agreements have been duly obtained.

1.8 STORAGE CAPACITY

Sogebal, Norgal, Geogaz Lavera, Geovexin, Rhone Gaz and Cobogal are owners or have the use of the storage facilities indicated in ADDENDUM 8(D) for stocking butane and propane.

Each of the shareholders of said companies has a valid and irrevocable right to use the storage capacity of these companies, as indicated in ADDENDUM 8(D). The transfer of the Shares does not impact these rights as they are freely transferable with the transfer of ownership of the shares in question.

The Sellers have communicated to the Buyer the entirety of the shareholder agreements and other agreements concerning the storage facilities and their use by the shareholders of the companies in question.

1.9 INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS

1.9.1 The Companies have full title in the corporate names, signage names, commercial names and other distinctive signs used by them and which are mentioned in ADDENDUM 9 (A) to this agreement, it being specified that the Companies have not acquired by their potential or actual use thereof, any right in software programs, names, signage names, commercial names and more generally all distinctive signs belonging to Elf Aquitaine or to any other companies of the TFE Group.

1.9.2 The Companies hold only those patents and marks, and patent concessions or mark licenses, referred to in ADDENDUM 9 (B) (hereinafter referred to as "MARKS AND PATENTS").

1.9.3 Subject to the information noted in ADDENDUM 9 (B) AND ADDENDUM 9(C), each of the Companies has the exclusive right to use the Marks and Patents and the Know-How (collectively referred to as the "INTELLECTUAL PROPERTY RIGHTS").

1.9.4 ADDENDUM 9(C) lists the Intellectual Property Rights belonging to the TFE Group companies that are used by the Companies.

1.9.5 Subject to the provisions of the preceding paragraphs and to ADDENDUM 9 (D), the activities conducted by the Companies have not, nor do they, infringe any commercial, industrial or intellectual property right, and subject to the intellectual property rights belonging to third

parties referred to in Addendum 9(B) or to companies of the TFE Group set forth in ADDENDUM 9(C), the Companies do not use any industrial or intellectual property right (in particular, marks, patents, models, designs, recipes and know-how), other than those belonging to them or belonging to EAZ, and therefore are not liable for payment or royalty [payment] made to the Guarantors or any third parties.

1.9.6 No Trademark or Patent is subject to any Lien.

1.10 CURRENT ASSETS

1.10.1 INVENTORIES AND PRODUCTION IN PROGRESS

The Companies' inventories and production in progress were posted to the books in accordance with the same assessment methods as in previous fiscal years, and in accordance with generally accepted accounting principles.

The quality and nature of the production inventory are such that the Companies may use or sell them in the normal scope of their activities at the prices regularly charged.

1.10.2 BUTANE AND PROPANE SALES

The volume (expressed in tons) of butane and propane sold by the Companies over the course of the last three fiscal years and until September 30, 2000, broken-down by month and by type of product (packaged, small bulk, etc.) is set forth in ADDENDUM 9(E). The average price at which butane and propane were sold by the Companies and the Companies' average purchase price over the same period, broken-down by month and product type (packaged, small bulk, etc.) are also listed in ADDENDUM 9(E).

1.10.3 ACCOUNTS RECEIVABLE

The accounts receivable of the companies not collected and appearing in the Financial Statements are certain, liquid, and due and payable, or will be on the maturity terms stipulated in writing, or have been covered by reserves pursuant to current accounting rules.

1.11 CONTRACTS AND COMMITMENTS

1.11.1 The Important Contracts are listed in ADDENDUM 10 (A).

All of the contracts, agreements, and covenants or undertakings to which a Company is party are valid and the parties are bound by the terms thereof. None of the contracts may be terminated or modified or

may engage the liability of one of the Companies as a result of the transfer of the Shares and in accordance with the SPA.

1.11.2 The Companies have not executed any covenant, agreement or undertaking binding them in an unusual or abnormal manner as compared to the normal course of their activity, or that was not concluded or that may not be able to be terminated under normal conditions, or justified in light of normal or customary business practices in the butane and propane industry, or entailing their indefinite or joint responsibility, except for those appearing in ADDENDUM 10(A), and except for customer contracts. Similarly, with the exception of the information contained in ADDENDUM 10(A), there is no covenant, agreement or undertaking, written or oral, that binds the Companies or from which they benefit, concluded with a TFE Group company.

1.11.3 As of the date hereof, the Companies have not received information that a client outside the Total Fina Elf Group, contributing significantly to their respective results, would have the intent of stopping or reducing their operations substantially, immediately or in the future, because of the transfer of the Shares, except as indicated in ADDENDUM 10(B).

1.12 INSURANCE

A list of the insurance policies to which the Companies have subscribed or from which they benefit, indicating the name of the insurance company, the nature of the risks insured, the term of the policy, their scope and deductible amount is set forth in ADDENDUM 11(A).

All of the property or assets owned by the Companies or that the Companies rent or use are validly covered by current insurance policies.

The premiums related to the insurance policies to which the Companies have subscribed or from which they benefit have been paid as required and the Companies have carried out all of the formalities and declarations that are necessary under the terms of the policies in order to be indemnified.

There is no litigation underway that relates to [refusal of coverage under] a policy and no event has occurred which would cause such a litigation. The Companies have not suffered any damage of a nature so as to hinder or slow-down the conduct of their activities as they habitually do, or so as to cause an increase in the premiums or the deductible.

An exhaustive list of all claims reported to the insurers over the course of the past five years is attached as Addendum 11(B).

1.13 COMPUTERS

The computer equipment, the software, the telephone system and other communication networks (the "COMPUTER SYSTEMS") are in a normal state of repair and can be used for their intended purpose within the scope of the current business of the Companies.

The Companies have undertaken the actions and steps necessary so that the Computer Systems can sustain the currency change to the Euro.

1.14 COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

The Companies comply and have always been in compliance with all legislative and regulatory provisions regarding the respect and protection of the environment, site cleanliness, safety and hazardous substances transportation. They have not been notified of any breach of compliance in this regard.

The Companies comply and have always complied with specific regulations in connection with their various activities, in particular the use or storage of hazardous products or waste management.

However, as regards customer storage installations, over which the Companies do not have real and permanent control, given that they are dispersed throughout the territory, changes liable to be made by clients themselves or third parties in the immediate environment of the storage tanks, hazards particular to the measurement of the distances to be kept, pursuant to current regulations, no guarantee is given concerning compliance with the legal or regulatory prescriptions to be observed in matters of conformity of these installations, which is accepted by the Beneficiary. It is however expressly agreed that in the event of occurrence of damage relating to customer storage installations, prior to the next triennial servicing which shall be realized by the Companies after the Closing Date, which engages the liability of the Companies, the guarantee by the Guarantors shall apply. Notwithstanding the Guarantors' undertaking, such damage shall be included in the insurance coverage set up by EAZ as of the Closing Date under the same terms as those prevailing on that date.

1.15 CORPORATE MANDATES - EMPLOYMENT CONTRACTS

1.15.1 CORPORATE MANDATES

- (a) The Companies have not granted any employment contract, service contract or special advantage to their directors, chairman or managing directors, except as described in ADDENDUM 12.
- (b) The Companies have no contractual obligation to their corporate executives or their beneficiaries, in the way of pension, additional retirement or widow pension, stock options or other in-kind benefits, except as listed in ADDENDUM 12.

1.15.2 EMPLOYMENT CONTRACTS

- (a) ADDENDUM 13(A) contains an exact and complete list of all of the employees of each Company and notes their seniority, function, geographic location, current annual remuneration and any particular in-kind bonus or advantage. This list also includes those employees on secondment, those who are on long-term leave and those with temporary contracts as well as those who work part-time, a list of the employment agencies, apprentices and the employees' representative(s).
- (b) No amount is owed to an employee of any of the Companies under his employment contract, other than the right to compensation accrued but not yet due, or reimbursements of professional expenses.
- (c) The Companies have not granted any welfare benefit, and have not executed any compensation agreement outside the norms of their business field, and no current or former employee of a Company benefits from special advantages other than those imposed by law, or the applicable collective bargaining agreements or company agreements referred to below.
- (d) ADDENDUM 13 (B) contains the text of the company and/or profit sharing agreements and the only profit sharing agreements and corporate saving plan in existence. ADDENDUM 13 (B) also sets forth the commitments that the Companies have made vis-a-vis their employees with regard to retirement or disability that grant employees benefits other than those required by law, the collective bargaining agreements or the company agreements. The Companies, which are bound by this requirement, have concluded an agreement for the reduction of work time to a 35-hour work week and have implemented this reduction in compliance with the applicable laws and regulations.
- (e) ADDENDUM 13(C) contains the models of the employment contracts concluded by the Companies. No employment contract concluded by the Companies provides for special clauses (contractual indemnity for dismissal, change-of-control clause, etc.), it being specified that certain salaried guards may under their employment contract benefit from on-site housing.
- (f) The list of dismissal proceedings or early retirement which are ongoing, as well as the list of dismissals for personal or economic reasons and forced retirement and the list of the settlements concluded since January 1, 2000 appear in ADDENDUM 14(A). Only those employees listed in ADDENDUM 14(B) benefit from a rehiring priority. The Companies do not currently have any commitments resulting from settlements concluded with the employees or executive officers.

No employment contract has been terminated under conditions for which the Companies could be held liable in any manner whatsoever.

It is noted that the Beneficiary is aware of the so-called "Plan Ambition 2001" social plan. The reserves included in the financial statements as of December 31, 2000 for the "Plan Ambition 2001" cover the entirety of the charges and other costs associated with this plan.

The Companies are current on their social security, unemployment, and retirement payments, and more generally, any other contribution or payment owed in connection with employment.

The Companies have not incurred any liability as a result of work-related accidents, accidents that occurred during transit to or from work on a date prior to the transfer, or as a result of professional illnesses that were declared before the transfer.

The Companies are not in violation of the legislation regarding loans of personnel, secondment, non-discrimination, or the regulations regarding the length of the workweek.

None of the Companies is the subject of or risks becoming the subject of a specific procedure brought by the competent authorities for non-respect of the labor regulations, in particular, but not limited to, those resulting from recourse to a fixed-term employment contract, employee representation [rules], or cleanliness and safety [rules].

1.16 LAWSUITS - LITIGATION

There is no request, action, lawsuit or judicial, arbitration, or administrative proceeding (tax related or otherwise) currently pending against the Companies or affecting them, their assets or business in which they are parties, involving or that could result in a claim for an amount in excess of 200,000 francs, except as mentioned in ADDENDUM 15 or in Section 1.17 hereafter. The claims in principal below 200,000 francs do not cumulatively exceed 1,000,000 francs.

These requests and proceedings are entirely covered by insurance policies or are adequately reserved for in the Financial Statements. None of them is likely to have an adverse impact on the transactions set forth in the SPA or this agreement, or on the Guarantors' performance of their obligations under these agreements.

No Company is the subject of an investigation, a verification, a control, or procedure or injunction, other than those referred to in Section 1.17 hereafter, undertaken by any authority, and no notification or injunction, other than those referred to in Section 1.17 hereafter, has been received by the Companies from any authority, except as mentioned in ADDENDUM 15 or in Section 1.17 hereafter.

All of the products sold or put at the Companies' disposal have been and are fit for normal use by those making use thereof. None of these products is defective or unfit for normal use, such that the Companies would incur liability.

1.17 TAX, SOCIAL AND CUSTOMS DECLARATIONS

- 1.17.1 Until the Closing Date hereunder, the Companies have regularly and duly met their tax, social and customs obligations and are current on all Taxes owed.
- 1.17.2 Subject to the provisions of ADDENDUM 16(A), no notice or warning was received by the Companies, and no tax, social or customs proceeding is pending to date.
- 1.17.3 Except for transactions placed under the tax regime set forth in articles 210A and 210B of the General Tax Code, none of the Companies benefits from deferred or suspended Tax payments either in application of the law or an agreement with the competent authority or a request made to this effect with said authority. The transactions placed under the tax regime set forth in articles 210A and 210B of the General Tax Code undertaken by the Companies are listed in ADDENDUM 16(B).

The Companies are integrated into the fiscal group formed by TFE. The exit of the Companies from the fiscal group formed by TFE will not have any impact on the results or the tax liability of the Companies, it being specified however, that in accordance with articles 223A et seq. of the General Tax Code:

- the tax losses (including long-term capital losses) realized by the Companies during their consolidation period under TFE or Elf Aquitaine will not be carried forward against their own results realized after their exit from the consolidation;
- and tax profits (including long-term capital gains) realized during this period cannot be distributed free of equalization tax ("precomptee") and cannot be offset against potential future losses which would be carried back by the Companies after their exit from consolidation.

1.18 RELATIONS WITH THE TFE GROUP

With the exception of that which is mentioned in ADDENDUM 17, the Companies and the Holdings together represent the entirety of the butane and propane sales activity of the Elf Group (i.e., Elf Aquitaine and its subsidiaries) in metropolitan France (and in the principality of Andorra) and of the associated logistics. ADDENDUM 17 describes the relations with the TFE Group (services of an administrative nature, common services, etc.) since January 1, 2000. In particular, with the exception of that which is mentioned in ADDENDUM 17:

- from the consummation of the transfers contemplated in the SPA, the Beneficiary shall be the owner of all of the assets and rights necessary to continue the propane

and butane business of the Elf Group in metropolitan France as it is carried out today;

- all of the employees of the Companies are exclusively involved in the propane and butane distribution activity of the Companies (as the purpose of the scope of the transfer) and no Elf Group employee who devotes a significant part of his or her time to said activity (not counting supplies) will not be an employee of one of the Companies, except for seconded personnel as indicated in ADDENDUM 17.

1.19 HOLDINGS

Only the representations appearing in Sections 1.1 ("Affiliates and Holdings"), 1.4 ("Shares or Stock") and 1.8 ("Storage Capacity"), apply to the Holdings.

However, the Guarantors represent that they are not aware of any element or fact that would render false or inaccurate any of the above representations if it were made with regard to the Holdings; it being specified that this representation does not create an obligation for the Guarantors to conduct prior research or diligence.

1.20 ACCURATE AND TRUE CHARACTER OF THE REPRESENTATIONS

All of the representations made by the Guarantors, all of the information contained in the Addenda to which these representations make reference and all information provided in the Data Room are exact, accurate and true and do not omit any facts that are important or unfavorable to any of the Companies or Holdings.

1.21 KNOWLEDGE OF THE GUARANTOR

With the exception of the representations that are expressly made to the knowledge of the Guarantors, the Guarantors may not use their ignorance as to the inaccurate character of a representation as a defense against the Beneficiary, even if such an inaccuracy could not have been known by the Guarantors.

1.22 EXEMPTIVE CHARACTER OF THE ADDENDA

The Guarantors are not required to provide the indemnification provided under Article 2.1(a) relative to a representation for facts specifically mentioned in the ADDENDA. For purposes of clarification, it is specified that the Guarantors are not released from their obligation to indemnify the Beneficiary except (i) as to only those facts mentioned in the ADDENDA in an explicit and unequivocal manner that permit the Beneficiary to estimate as it sees fit, the damage or the loss or the risk of damage or loss, and (ii) inasmuch as this mention appears in the ADDENDUM referred to by the representation in question.

ARTICLE 2 - GUARANTEE

2.1 PURPOSE OF THE GUARANTEE

2.1.1 GENERAL GUARANTEES

The Guarantors jointly and severally declare and guarantee that they will indemnify the Beneficiary or, in accordance with Article 2.3, EAZ, for:

- (a) the amount of any damage, loss, interest, and/or penalty suffered by the Beneficiary or one of the Companies as a result of inaccuracy or omission concerning any of the representations in Article 1 above;
- (b) the amount of any liabilities of the Companies or any one of them, known or unknown as of the end date of the fiscal period covered in the 2000 Financial Statements, originating from or caused by an event, fact, or operation prior to the date on which the 2000 Financial Statements were prepared and that were not reserved or sufficiently reserved for in the 2000 financial statements [sic]; and
- (c) the amount of any Tax that is borne by the Beneficiary or one of the Companies and any tax benefit (in particular tax credits or another reporting or deferred tax regime) that is called into question, following a reassessment or other administrative action (prior to or following the Closing Date) concerning a period prior to the Closing Date; for the period following December 31, 2000, and prior to the Closing Date, the Guarantors are nonetheless held hereunder only insofar as the reassessment or administrative action mentioned above does not originate in negligence, a mistake or an omission of the Beneficiary and/or EAZ or the Subsidiaries, following the Closing Date (notably compliance with obligations for such period);

to which will be added certain expenses and costs (including fees of auditors, lawyers, or counsel) borne by the Beneficiary and/or one of the Companies due to the act or the event described hereabove.

It is specified here that, except in the event of a calling into question by the administrative authority in the context of the fiscal guarantee referred in (c) above, the methods for booking consignments of bottles and security deposits on tanks described in ADDENDUM 5 are known to the Beneficiary and accepted by it, and therefore may not lead to the implementation of this guarantee.

2.1.2 SPECIFIC GUARANTEES

- (a) NORGAL

The Guarantors, having informed the Beneficiary of the necessity of beginning consolidation work in 2003 on the two storage tanks at the Norgal site,

represent to the Beneficiary that the budget for completion of the work, should they appear necessary following an injunction from the Regulated Facilities Inspector, would not exceed 18 million francs, subject to a possible 10% variation, for each storage tank.

The Guarantors undertake to repay the Beneficiary 80% of any amount in excess of the 18m franc budget (subject to a 10% variation), prorata to the interest held by EAZ in GIE Norgal on the date of reception of the work; it being specified that (i) the provisions of the first paragraph of Article 2.2. hereafter are not applicable and (ii) the deductible and cap set in Articles 2.5 and 2.6 hereafter are not applicable.

This guarantee is granted for a duration of five (5) years; it shall be applied if, prior to the expiration of such period, Norgal decides to implement the works mentioned above or the Regulated Facilities Inspector addresses an explicit request under the terms described above, to the exclusion of any site reconstruction.

(b) The Clean-Up of the Grounds and Under Grounds

The Guarantors shall indemnify the Beneficiary for the amount of any payment or charge borne by the Companies in order to clean up the grounds and undergrounds used, or which have been used, by the Companies for every pollution of such lands existing on the Closing Date, it being specified that the indemnification shall only be owed if the clean-up work is required by the competent authorities, and within the limit of such a requirement, and only as to the existing pollution concerned as of the Closing Date.

(c) Assets outside the scope [of the acquisition]

The transfer of the international assets and restructuring operations, beyond the scope of the transfer defined in the SPA, are described in ADDENDUM 18. The Guarantors shall indemnify the Beneficiary for the amount of any damage, loss, liability and cost associated with the assets outside the scope [of the acquisition] and the transfer thereof, as well as with the Subsidiaries in Liquidation. The provisions of article 2.2 ("Scope of the Guarantee"), except for the last paragraph thereof, do not apply to this indemnification.

The threshold, deductible and cap set at articles 2.4, 2.5 and 2.6 hereafter are not applicable.

(d) Business tax

The Guarantors informed the Beneficiary of the receipt by EAZ of letters of information addressed to the tax authorities on November 10, 2000 and December 27, 2000 relative to business tax due for 1997, 1998, 1999 and 2000 and of EAZ's request for a suspension of payment of the corresponding reassessments, for which a payment request was issued on February 15, 2001;

the Guarantors have been responsible for remitting to the tax authorities, with a view to obtaining such a payment suspension, any bank guarantee or other guarantee for the amounts being reassessed, without the possibility for any claim or request to be made against EAZ on the basis of such guarantees.

The Guarantors shall indemnify the Beneficiary franc by franc for any payment due by EAZ for business tax reassessment by reason of the tangible fixed assets referred to by the tax authorities in the letters mentioned above which would be due by EAZ pursuant to the filings made until the financial year closed on December 31, 2000.

In order to determine the amount of the indemnification potentially due under this article, articles 2.4 and 2.5 relative to the threshold and the deductible shall not be applied, and no setoff with existing reserves shall be made notwithstanding the provisions of the second paragraph of article 2.2.

The Beneficiary guarantees that the Company concerned shall, absent contrary advice from the Guarantors, request a suspension for the payment of any reassessed amounts, subject to the condition that the Guarantors remit to the tax authorities any bank guarantee or other guarantee for the amounts being reassessed, without the possibility for any claim or request to be made against EAZ on the basis of such guarantees.

(e) Geovexin

The Parties agree that if:

- the tax authorities have not delivered a decision of renewal of the authorization of operation of Geovexin six months after the Closing Date, and, should Geovexin cease to operate, following an administrative or a court decision made as a consequence of such non-renewal, the Beneficiary shall be entitled to claim from the Guarantors, as an indemnity, a lump sum of one (1) million francs per month. This undertaking of the Guarantors shall begin to run on the expiration of the third year following the Closing Date; the indemnity due hereunder shall be deducted from any amount due under 2.1.1(a) concerning the declarations related to Geovexin in [section] 1.2.3 hereabove;

- the authorities should refuse the renewal of such an authorization of operation or should not deliver this renewal upon the expiration of the third year following the Closing Date, the Parties would promptly confer to organize among themselves the retrocession to Elf Antar France (or any entity that it would substitute therefor) of EAZ's interest in the capital of Geovexin (acquired by EAF pursuant to the SPA) for a price equal to the acquisition price referred to in the SPA.

The deductible and the cap set in articles 2.5 and 2.6 hereafter are not applicable.

2.2 SCOPE OF THE GUARANTEE

It is expressly agreed, concerning those Holdings and Subsidiaries (except for SIGAP Ouest SARL and GIE Floregaz) in which any party other than the Guarantors or EAZ directly or indirectly holds an interest prior to the transfer of the Shares, that the portion of the damage suffered by these Holdings and Subsidiaries that must be paid back by the Guarantors to Beneficiary will be proportionately limited to the shareholding of the Guarantors or EAZ in the capital of said Holdings and Subsidiaries.

If the damage or loss which we will be indemnified was specially reserved for in the 2000 Financial Statements, the Beneficiary or EAZ, in accordance with Article 2.3, will be indemnified by the Guarantors only [for the amount] in excess of the reserved amount.

If the costs of social restructuring are inferior to the reserve booked as of December 31, 2000 as the "2001 Ambition Plan," the difference shall be deducted from any amount due by the Guarantors hereunder.

Any partial indemnity that would be paid by an insurance company will be deducted from the amounts possibly owed by the Guarantors under the conditions hereof. If the indemnity is paid by an insurance company after payment to the Beneficiary or, in accordance with Article 2.3, to EAZ by the Guarantors in accordance herewith, the Beneficiaries or, as applicable, EAZ will pay the Guarantors the amounts thus received by the beneficiary of the insurance policy, up to the amount of the payment made by the Guarantors and after deduction of all costs and expenses corresponding to this indemnity (including the increase of the premiums or the deductible resulting from the damage which is the subject of the indemnification). The Beneficiary will enclose with its request for payment sent to the Guarantors a notice of information regarding the insurance company insuring the generating factor of the guaranty and regarding the opening of a damage file by the insurer. The Guarantors shall be promptly informed by the Beneficiary or the insurance company of payment of the indemnification by the insurance company. The amount of indemnification due to the Guarantors will be paid to them by the Beneficiary within fifteen (15) days following payment of indemnification by the insurance company.

As a general matter, when the liability giving rise to an indemnification of the Beneficiary or, in accordance with Article 2.3, of EAZ by the Guarantors is reduced or recovered from a third party, after the date on which the Beneficiary or EAZ was indemnified by the Guarantors, the Beneficiary or, as applicable, EAZ shall pay to the Guarantors the amounts thus recovered from a third party (up to the indemnified liability) and after deduction of all costs and expenses corresponding to this indemnification and minus the tax corresponding to this indemnification. To this end, the Beneficiary or, as applicable, EAZ shall diligently pursue all recourse against a third party in order to avoid or reduce the liability giving rise to indemnification.

The actual tax savings (excluding any creation of or increase in a tax loss) recorded by the Companies concerned by reason of the loss giving rise to indemnification will be deducted from the amount of the indemnity owed by the Guarantors to the Beneficiary or, in accordance with Article 2.3, to EAZ.

Any tax assessment constituting a mere displacement in time of the corresponding charge (for example, amortization reversal) will be retained only at the cost of increases, penalties and financial charges resulting therefrom, and consequently exclude the principal actually re-obtained thereafter by the reinstatement of the contested deductions.

The Guarantors and the Beneficiary acknowledge that any payment effected by the Guarantors pursuant to articles 2.1.1 and 2.1.2 above will be characterized as a reduction of the Definitive Price of EAZ Shares or the price of the shares of the associated logistics companies, as the case may be; it will be characterized as an indemnity for any payment in excess of the Definitive Price of the EAZ Shares or the price of the shares of the associated logistics companies, without prejudice to the application of the Global Cap set at article 2.6 hereafter.

2.3 ENGAGEMENT FOR THE BENEFIT OF A THIRD PARTY

If EAZ acquires the shares of Geogaz Lavera, Geovexin, and Sobegal owned by the Guarantors in accordance with the power of substitution provided in the SPA, the amount of any indemnification due by the Guarantors in accordance with this Guaranty Agreement and relating to one of the Companies will be paid to EAZ. This provision is deemed to be an engagement for the benefit of a third party.

2.4 THRESHOLD FOR IMPLEMENTATION OF THE GUARANTEE

It is agreed that this Guarantee may not be implemented other than for claims in excess of 250,000 French francs, with the exception nonetheless of claims relative to the commercial debts and claims of which the nature, the purpose, or the cause is similar and which would therefore be counted cumulatively. No indemnification will be owed by the Guarantors for any claim made by the Beneficiary for an amount that does not meet this threshold (except for those exceptions mentioned above).

This threshold does not apply to the special guarantees provided for in articles 2.1.2(c) ("Assets outside the scope [of the acquisition]" and 2.1.2(b) (sic) ("Business Tax").

This threshold does not apply either to damages due as a result of damaging events that occurred with the knowledge of management and/or of the insurance manager of EAZ or of the Insured Subsidiaries prior to the Closing Date, which have not given rise to a third party claim prior to the Closing Date referred to in article 10.2 of the SPA.

2.5 DEDUCTIBLE

The Guarantors will be required to pay to the Beneficiary the amount of the indemnification possibly owed under this Guarantee only after deduction of a deductible in an amount of 30,000,000 FF. Beyond this deductible, the Guarantors must pay the Beneficiary any amounts owed hereunder as from the first franc.

This deductible does not apply to the special guarantees provided in article 2.1.2(a) ("Norgal"), in article 2.1.2(c) ("Assets outside the scope [of the acquisition]" and in article 2.1.2(b) (sic) ("Business tax") and article 2.1.2(e) ("Geovexin").

This deductible does not apply either to damages due as a result of damaging events that occurred with the knowledge of management and/or of the insurance manager of EAZ or of the Insured Subsidiaries prior to the Closing Date, which have not given rise to a third party claim prior to the Closing Date referred to in article 10.2 of the SPA.

2.6 CAP ON THE GUARANTEE

The total sum of the amounts which the Guarantor may owe to the Beneficiary hereunder, is capped at 20% of the Definitive Price of EAZ shares and of the Price of the Shares of the Associated Logistics (the "GLOBAL CAP").

This cap does not apply to the special guarantees provided in article 2.1.2(a) ("Norgal"), in article 2.1.2(c) ("Assets outside the scope [of the acquisition]" and in article 2.1.2(e) ("Geovexin").

This cap does not apply either to damages due as a result of damaging events that occurred with the knowledge of management and/or of the insurance manager of EAZ or of the Insured Subsidiaries prior to the Closing Date, which have not given rise to a third party claim prior to the Closing Date referred to in article 10.2 of the SPA.

2.7 TERM OF THE GUARANTEE

The Beneficiary's claims shall be presented for the first time within the first twenty-eight (28) months following the Closing Date. After the expiration of this term, the Guarantors will be released from their contractual guarantee obligations for any new claims.

However,

- the Beneficiary's claims will be admissible concerning all tax, customs or social assessments until the thirtieth (30th) day following the expiration of the statute of limitations applicable to the recourse taken by the authority concerned;
- the Beneficiary's claims that are relative to
 - (i) the inaccurate character of the representations in Article 1.14 ("Compliance with Environmental Regulations"),

(ii) the specific guarantees of Article 2.1.2(a) ("Norgal"), 2.1.2(b) ("Clean-up of the grounds") and 2.1.2(c) ("Assets outside the scope [of the acquisition] and

(iii) the damages due as a result of damaging events that occurred with the knowledge of management and/or of the insurance manager of EAZ or of the Insured Subsidiaries prior to the Closing Date, which have not given rise to a third party claim prior to the Closing Date referred to in article 10.2 of the SPA,

must be presented for the first time within five (5) years following the Closing Date.

- The Beneficiary's claims under the special "Geovexin" guaranty referred to in article 2.1.2(e) relating to indemnification linked to the interruption of operations may be validly asserted within three years of the Closing Date.

2.8 REPORTING TO THE GUARANTORS AND METHODS OF IMPLEMENTATION OF THE GUARANTEE

The Beneficiary must promptly report to the Guarantors any fact brought to its attention with regard to which the Beneficiary cannot reasonably claim to be unaware that the fact could cause the Guarantee to be implemented. However, this time period is fixed at (10) days from the date of communication to the Company of any lawsuits filed, summons delivered, or claims received from tax, social, or customs administrations, or assessment notices.

Such reporting is not equivalent to a claim made under the Guarantee, which may take place only by registered letter with return receipt requested, including all information or justifications of the merits of the claim under the Guarantee available on that date.

Except in the event that compliance with the ten-day period is required, or for reorganizations based on Business tax, which is the subject of the special guarantee referred to in article 2.1.2(d), the failure to inform the Guarantors in accordance with the conditions listed above does not exonerate the Guarantors from their obligations under a claim, unless they can legitimately show that such default prevented them from duly asserting their rights in accordance with Article 2.9 in order to avoid or limit the damage suffered (in which case the Guarantors would only be relieved of their obligation to indemnify the Beneficiary under the claim in question up to the amount of the damage suffered as a result of said failure).

2.9 MANDATORY CONSULTATION WITH GUARANTOR

The Beneficiary or Companies concerned, for which the Beneficiary answers, will involve the Guarantors or will propose to involve them, from the beginning, in any decision, negotiation, proceeding or pending court action liable to affect this Guarantee.

The Beneficiary, on its own behalf, as well as on behalf of the Companies for which it answers, consequently pledges to inform the Guarantors of every settlement proposed with an authority or a third party. The Guarantors shall, within fifteen (15) days of

having received this information, indicate to the Beneficiary whether they accept or oppose the proposed settlement (it being specified that the Guarantors will not be entitled to unreasonably refuse the proposed settlement and that no response within the aforementioned time period is equivalent to acceptance by the Guarantors). In the event that the Guarantors inform the Beneficiary that they oppose the settlement, the Beneficiary will lose its right to be indemnified by the Guarantors for the amount of any settlement it agrees to that the Guarantors have opposed. In the specific case of the guaranty granted with regard to business tax in 2.1.2(d), the Guarantors will be entitled to oppose any settlement proposed by the Beneficiary if they do not approve the principle or the terms thereof; however, the Guarantors' lack of response within a twenty (20) day time period as of the receipt of the project will be equivalent to the Guarantors' acceptance.

The Guarantors, or any professionals appointed by them for this purpose, will have the option, if they so wish, to ask to consult all documents necessary for the defense of their interests, provided, however, that they respect the confidentiality of the information provided. The Guarantors may also designate, if they so wish and at their exclusive expense, a proxy in charge of following-up on all discussions and, if appropriate, all proceedings between a Company and the authorities or a third party.

Such proxy is authorized to express his viewpoint to the Beneficiary or the Company concerned, as to said discussions and proceedings.

The Beneficiary will cause the Companies concerned to defend in good faith all lawsuits to which they are a party. The Beneficiary pledges to cooperate in good faith with the Guarantors, giving them all information and documents necessary for the defense of their interests.

ARTICLE 3 - PAYMENT TO THE BENEFICIARY OR EAZ - PRICE REDUCTION

The Guarantors pledge to pay all or part of the amounts owed under Article 2 to the Beneficiary as a reduction in the price paid for the acquisition of EAZ shares or in accordance with Article 2.3 to EAZ as a reduction in the price paid for the acquisition of shares in Geogaz Lavera, Geovexin, and Sobegal (or, as the case may be, as an indemnity, in accordance with article 2.2., last paragraph), subject to the terms of article 2.7.

The amounts claimed must be paid according to the following schedule:

- (a) if the claim was made by reason of a claim of a third party and is in connection with the payment of a sum of money to a third party, the payment must be made within eight (8) days following the date on which the payment in question became due and payable, it being specified that if a payment term is granted, the payment of claimed sums must be made when the payment term expires;
- (b) for all other claims, within eight (8) days of the date on which the indemnifiable damage, the loss or the liability, becomes due and payable, or for all damage, losses, and liabilities that are not due and payable, is definitely determined.

ARTICLE 4 - DELEGATION

The Beneficiary may, by any means whatsoever (delegation, transfer of receivables, etc.) pledge all or part of the proceeds from this Guarantee only in favor of any credit establishment or other lender or bondholder (obligataire) participating directly or indirectly in the financing or the refinancing of the acquisition of the Shares and in the refinancing of the debts of the EAZ group. The Guarantors accept hereby to be party to any instrument (delegation, etc.) presented by the Beneficiary in order to use, within those limits, as collateral in whole or in part the proceeds of this Guarantee Agreement.

ARTICLE 5 - RESTRUCTURING

The merger between the Beneficiary and EAZ will not affect the Guarantees (the company resulting from such merger becoming itself the Beneficiary for the purposes of this Guarantee).

ARTICLE 6 - NOTIFICATIONS

All notifications, requests, warnings and other communications set forth in this agreement must be made by letter remitted against a receipt signed by the addressee, by registered letter with return receipt requested, or by fax confirmed within eight (8) days by registered letter with return receipt requested, to the address of the parties first indicated herein, or to any other address subsequently communicated by the parties pursuant to this article.

The notifications sent will be considered received by the addressee as of the date of the reception of the receipt or the date of the first attempted delivery of letters sent with return receipt requested.

ARTICLE 7 - TITLES

The titles of the articles, paragraphs and addenda of this Guarantee Agreement have been inserted to facilitate the reading hereof; they do not have any legal impact and cannot be used when interpreting the meaning hereof. In particular, the representations in Article 1 must be interpreted with regard to their content without their impact being limited by the title of the article or paragraph used to present it.

ARTICLE 8 - REPRESENTATIVE

EAF hereby designates Elf Aquitaine, which accepts to act as common representative (the "REPRESENTATIVE") for the purpose of exercising in its name and on its behalf all rights and obligations of EAF, any decision of the Representative binding EAF. Therefore, and without this list being considered exhaustive, the Representative will send and receive all

notifications, give all agreements, conclude, extend all deadlines, make all offers, withdraw, [and] negotiate on its behalf and on behalf of EAF.

Thus, the Representative will be the only interlocutor of the Beneficiary for the purposes of this Guarantee Agreement.

If this representation is terminated for any reason whatsoever, the Guarantors should notify the Beneficiary of this event in order for it to be enforceable against the latter.

ARTICLE 9 - ADDENDA

The Addenda are drawn up in as many originals as there are parties to this instrument. They are initialed by the undersigned and are an integral part of this agreement.

ARTICLE 10- ELECTION OF DOMICILE

The Guarantors elect domicile at their headquarters, as first indicated herein, and the Beneficiary elects domicile at its headquarters, also as first indicated herein.

Each of the parties may change its elected domicile by communicating its new address to the other parties, pursuant to the notification rules above, which change will become effective ten days after receipt of said notification.

ARTICLE 11 - JURISDICTION AND CHOICE OF LAW

This guarantee agreement is governed by French law. The Commercial Court of Paris will have exclusive jurisdiction over all disputes arising out of this Agreement.

Done in Paris
In three (3) originals
On February 16, 2001

FOR GUARANTORS

FOR BENEFICIARY

ADDENDUM A

DEFINITIONS

In this Guarantee Agreement, the following expressions have the meaning given below:

- "2000 Financial Statements" means the annual financial statements of the Companies as prepared jointly in accordance with the terms of the SPA.
- "Important Contracts" refers to the contracts, covenants, agreements or engagements, written or oral
- with a term greater than 12 months;
 - of which the termination or the renewal requires a notice of more than 6 months;
 - that provide for a termination indemnity greater than 1,000,000 FF;
 - that are considered (or may be considered) agency contracts;
 - that entail a yearly payment of amounts in excess of 10,000,000 FF or the realization of a turnover in excess of 10,000,000 FF;
 - that include a security, endorsement, guarantee, indemnity (including a guarantee of debts) granted by one Company to another entity (including an Elf Group company, but not including one of the other Companies), in an amount greater than 5,000,000;
 - related to the storage capacity rights, the use and transfer thereof;
 - concerning any pact or other shareholders' agreement.
- "Closing Date" has the meaning given in the SPA.
- "Insured Subsidiaries" has the meaning given in the SPA.
- "Taxes" means all taxes, value added tax, business tax, and others, taxes, duties, contributions, fees, and withholding (whether it be fiscal, para-fiscal, customs, social security, unemployment, retirement or others), and any penalty, interest and other costs related thereto.
- "Definitive Price of the EAZ Shares" has the meaning given in the SPA.

"Definitive Price of the Associated Logistics Shares" has the meaning given in the SPA.

"Know-How" means the entirety of the confidential technical and business knowledge and in particular studies, technical and scientific files, reports and expert reports.

"Lien" means any surety, pledge, mortgage, title or any other surety, non-transferability clause, purchase option, preemption, pre-approval right, seller's lien (except retention of title clauses relating to circulation of assets and those granted in the ordinary course of business of the Companies) or any other restriction to the full availability of the asset in question or its transfer.

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lon R. Greenberg, certify that:

1. I have reviewed this interim report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 17, 2004

/s/ Lon R. Greenberg

Lon R. Greenberg
Chairman, President and
Chief Executive Officer of
UGI Corporation

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony J. Mendicino, certify that:

1. I have reviewed this interim report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 17, 2004

/s/ Anthony J. Mendicino

Anthony J. Mendicino
Senior Vice President - Finance and
Chief Financial Officer of
UGI Corporation

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
RELATING TO A PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS

I, Lon R. Greenberg, Chief Executive Officer, and I, Anthony J. Mendicino, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

- (1) The Company's periodic report on Form 10-Q for the period ended March 31, 2004 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER

/s/ Lon R. Greenberg

Lon R. Greenberg

Date: May 17, 2004

CHIEF FINANCIAL OFFICER

/s/ Anthony J. Mendicino

Anthony J. Mendicino

Date: May 17, 2004