

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2011

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: 01-32665

BOARDWALK PIPELINE PARTNERS, LP
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

20-3265614
(I.R.S. Employer Identification No.)

9 Greenway Plaza, Suite 2800
Houston, Texas 77046
(866) 913-2122
(Address and Telephone Number of Registrant's Principal Executive Office)

Securities registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Name of each exchange on which registered</i>
Common Units	
Representing Limited	New York Stock Exchange
Partner Interests	

Securities registered pursuant to Section 12(g) of the Act: **NONE**

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 ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 1, 2011, the registrant had 175,721,916 common units outstanding and 22,866,667 class B units outstanding.

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September 30, 2011

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BOARDWALK PIPELINE PARTNERS, LP **CONDENSED CONSOLIDATED BALANCE SHEETS** (Millions) (Unaudited)

ASSETS	September 30, 2011	December 31, 2010
Current Assets:		
Cash and cash equivalents	\$ 84.2	\$ 55.0
Receivables:		
Trade, net	84.1	101.0
Affiliate	0.8	-
Other	17.7	5.2
Gas transportation receivables	7.6	12.2
Costs recoverable from customers	10.0	11.3
Gas stored underground	8.0	3.6
Prepayments	16.0	11.4
Other current assets	4.3	3.5
Total current assets	<u>232.7</u>	<u>203.2</u>
Property, Plant and Equipment:		
Natural gas transmission and other plant	6,992.4	6,933.9
Construction work in progress	127.9	109.9
Property, plant and equipment, gross	<u>7,120.3</u>	<u>7,043.8</u>
Less—accumulated depreciation and amortization	<u>933.5</u>	<u>785.8</u>
Property, plant and equipment, net	<u>6,186.8</u>	<u>6,258.0</u>
Other Assets:		
Goodwill	163.5	163.5
Gas stored underground	119.3	125.8
Costs recoverable from customers	15.4	15.7
Other	87.1	111.8
Total other assets	<u>385.3</u>	<u>416.8</u>
Total Assets	<u><u>\$ 6,804.8</u></u>	<u><u>\$ 6,878.0</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BOARDWALK PIPELINE PARTNERS, LP

CONDENSED CONSOLIDATED BALANCE SHEETS

(Millions)
(Unaudited)

LIABILITIES AND PARTNERS' CAPITAL	September 30, 2011	December 31, 2010
Current Liabilities:		
Payables:		
Trade	\$ 30.5	\$ 48.8
Affiliate	3.1	3.2
Other	5.9	10.1
Gas Payables:		
Transportation	11.6	20.5
Storage	6.1	4.2
Accrued taxes, other	60.5	40.4
Accrued interest	27.2	40.5
Accrued payroll and employee benefits	17.7	17.0
Construction retainage	4.3	8.3
Deferred income	3.3	6.3
Other current liabilities	15.2	14.5
Total current liabilities	<u>185.4</u>	<u>213.8</u>
Long-term debt	3,098.2	3,152.3
Long-term debt – affiliate	100.0	100.0
Total long-term debt	<u>3,198.2</u>	<u>3,252.3</u>
Other Liabilities and Deferred Credits:		
Pension liability	21.1	27.0
Asset retirement obligation	16.5	17.2
Provision for other asset retirement	53.7	51.7
Payable to affiliate	16.0	16.0
Other	66.5	58.6
Total other liabilities and deferred credits	<u>173.8</u>	<u>170.5</u>
Commitments and Contingencies		
Partners' Capital:		
Common units – 175.7 million and 169.7 million units issued and outstanding as of September 30, 2011 and December 31, 2010	2,547.1	2,534.4
Class B units – 22.9 million units issued and outstanding as of September 30, 2011 and December 31, 2010	677.8	683.6
General partner	62.9	62.9
Accumulated other comprehensive loss	(40.4)	(39.5)
Total partners' capital	<u>3,247.4</u>	<u>3,241.4</u>
Total Liabilities and Partners' Capital	<u>\$ 6,804.8</u>	<u>\$ 6,878.0</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BOARDWALK PIPELINE PARTNERS, LP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Millions, except per unit amounts)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating Revenues:				
Gas transportation	\$ 251.8	\$ 234.2	\$ 786.6	\$ 734.0
Parking and lending	2.2	5.5	8.5	23.8
Gas storage	12.0	13.1	37.5	41.5
Other	2.9	4.8	9.3	15.5
Total operating revenues	<u>268.9</u>	<u>257.6</u>	<u>841.9</u>	<u>814.8</u>
Operating Costs and Expenses:				
Fuel and gas transportation	26.7	27.7	78.7	81.8
Operation and maintenance	45.9	36.8	123.1	100.2
Administrative and general	31.1	33.2	101.9	98.8
Depreciation and amortization	55.8	54.2	168.9	161.3
Asset impairment	0.1	3.3	28.6	5.8
Net gain on disposal of operating assets	(5.3)	(12.7)	(3.9)	(11.6)
Taxes other than income taxes	22.2	22.0	67.1	66.0
Total operating costs and expenses	<u>176.5</u>	<u>164.5</u>	<u>564.4</u>	<u>502.3</u>
Operating income	<u>92.4</u>	<u>93.1</u>	<u>277.5</u>	<u>312.5</u>
Other Deductions (Income):				
Interest expense	37.6	35.3	113.5	106.2
Interest expense – affiliates	2.0	2.0	6.0	6.0
Loss on debt extinguishment	5.8	-	13.2	-
Interest income	(0.1)	(0.2)	(0.3)	(0.5)
Miscellaneous other income, net	(0.2)	-	(0.6)	(0.1)
Total other deductions	<u>45.1</u>	<u>37.1</u>	<u>131.8</u>	<u>111.6</u>
Income before income taxes	47.3	56.0	145.7	200.9
Income taxes	0.1	0.2	0.3	0.4
Net Income	<u>\$ 47.2</u>	<u>\$ 55.8</u>	<u>\$ 145.4</u>	<u>\$ 200.5</u>
Net Income per Unit:				
Basic and diluted net income per unit:				
Common units	<u>\$ 0.23</u>	<u>\$ 0.28</u>	<u>\$ 0.72</u>	<u>\$ 1.02</u>
Class B units	<u>\$ -</u>	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.39</u>
Cash distribution declared and paid to common units	<u>\$ 0.525</u>	<u>\$ 0.51</u>	<u>\$ 1.5675</u>	<u>\$ 1.515</u>
Cash distribution declared and paid to class B units	<u>\$ 0.30</u>	<u>\$ 0.30</u>	<u>\$ 0.90</u>	<u>\$ 0.90</u>
Weighted-average number of units outstanding:				
Common units	175.7	169.7	172.5	169.7
Class B units	22.9	22.9	22.9	22.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

BOARDWALK PIPELINE PARTNERS, LP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions)

(Unaudited)

	For the Nine Months Ended September 30,	
	2011	2010
OPERATING ACTIVITIES:		
Net income	\$ 145.4	\$ 200.5
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	168.9	161.3
Amortization of deferred costs	8.1	7.0
Asset impairment	28.6	5.8
Loss on debt extinguishment	13.2	-
Storage gas loss	3.7	-
Net gain on disposal of operating assets	(3.9)	(11.6)
Changes in operating assets and liabilities:		
Trade and other receivables	13.8	13.2
Other receivables, affiliates	(0.8)	-
Gas receivables and storage assets	(3.8)	4.0
Costs recoverable from customers	(2.7)	(4.1)
Other assets	(13.1)	5.5
Trade and other payables	(10.2)	(24.1)
Other payables, affiliates	(0.2)	1.9
Gas payables	(0.8)	5.9
Accrued liabilities	9.8	14.2
Other liabilities	(10.5)	(24.7)
Net cash provided by operating activities	<u>345.5</u>	<u>354.8</u>
INVESTING ACTIVITIES:		
Capital expenditures	(116.9)	(174.2)
Proceeds from sale of operating assets	17.5	16.4
Net cash used in investing activities	<u>(99.4)</u>	<u>(157.8)</u>
FINANCING ACTIVITIES:		
Proceeds from long-term debt, net of issuance costs	437.6	-
Repayment of borrowings from long-term debt	(250.0)	-
Payments of premiums on extinguishment of long-term debt	(21.0)	-
Proceeds from borrowings on revolving credit agreement	515.0	150.0
Repayment of borrowings on revolving credit agreement	(760.0)	-
Payments on note payable	-	(0.3)
Payments associated with registration rights agreement	-	(10.7)
Advances from affiliate	-	3.9
Distributions paid	(312.1)	(296.9)
Proceeds from sale of common units	170.0	-
Capital contribution from general partner	3.6	-
Net cash used in financing activities	<u>(216.9)</u>	<u>(154.0)</u>
Increase in cash and cash equivalents	29.2	43.0
Cash and cash equivalents at beginning of period	55.0	45.8
Cash and cash equivalents at end of period	<u>\$ 84.2</u>	<u>\$ 88.8</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BOARDWALK PIPELINE PARTNERS, LP

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
PARTNERS' CAPITAL**

(Millions)
(Unaudited)

	Common Units	Class B Units	General Partner	Accumulated Other Comp Loss	Total Partners' Capital
Balance January 1, 2010	\$ 2,640.5	\$ 683.6	\$ 65.5	\$ (25.4)	\$ 3,364.2
Add (deduct):					
Net income	162.9	20.6	17.0	-	200.5
Distributions paid	(257.1)	(20.6)	(19.2)	-	(296.9)
Other comprehensive loss	-	-	-	(8.2)	(8.2)
Balance September 30, 2010	<u>\$ 2,546.3</u>	<u>\$ 683.6</u>	<u>\$ 63.3</u>	<u>\$ (33.6)</u>	<u>\$ 3,259.6</u>
Balance January 1, 2011	\$ 2,534.4	\$ 683.6	\$ 62.9	\$ (39.5)	\$ 3,241.4
Add (deduct):					
Net income	111.7	14.8	18.9	-	145.4
Distributions paid	(269.0)	(20.6)	(22.5)	-	(312.1)
Sale of common units, net of related transactions costs	170.0	-	-	-	170.0
Capital contribution from general partner	-	-	3.6	-	3.6
Other comprehensive loss	-	-	-	(0.9)	(0.9)
Balance September 30, 2011	<u>\$ 2,547.1</u>	<u>\$ 677.8</u>	<u>\$ 62.9</u>	<u>\$ (40.4)</u>	<u>\$ 3,247.4</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BOARDWALK PIPELINE PARTNERS, LP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	\$ 47.2	\$ 55.8	\$ 145.4	\$ 200.5
Other comprehensive income (loss):				
Gain on cash flow hedges	1.5	1.3	2.9	7.6
Reclassification adjustment transferred to				
Net income from cash flow hedges	(0.2)	(7.4)	0.7	(11.2)
Pension and other postretirement benefit costs	(1.5)	(1.5)	(4.5)	(4.6)
Total Comprehensive Income	\$ 47.0	\$ 48.2	\$ 144.5	\$ 192.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

BOARDWALK PIPELINE PARTNERS, LP

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1: Basis of Presentation

Boardwalk Pipeline Partners, LP (the Partnership) is a Delaware limited partnership formed to own and operate the business conducted by its subsidiaries: Boardwalk Pipelines, LP (Boardwalk Pipelines), and its subsidiaries, Gulf Crossing Pipeline Company LLC (Gulf Crossing), Gulf South Pipeline Company, LP (Gulf South) and Texas Gas Transmission, LLC (Texas Gas) (together, the operating subsidiaries). As of September 30, 2011, Boardwalk Pipelines Holding Corp. (BPHC), a wholly-owned subsidiary of Loews Corporation (Loews), owned 102.7 million of the Partnership's common units, all 22.9 million of the Partnership's class B units and, through Boardwalk GP, LP (Boardwalk GP), an indirect wholly-owned subsidiary of BPHC, holds the 2% general partner interest and all of the incentive distribution rights (IDRs). As of September 30, 2011, the common units, class B units and general partner interest owned by BPHC represent approximately 64% of the Partnership's equity interests, excluding the IDRs. The Partnership's common units are traded under the symbol "BWP" on the New York Stock Exchange.

The accompanying unaudited condensed consolidated financial statements of the Partnership were prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of September 30, 2011 and December 31, 2010, and the results of operations and comprehensive income for the three and nine months ended September 30, 2011 and 2010, and changes in cash flows and changes in partners' capital for the nine months ended September 30, 2011 and 2010. Reference is made to the Notes to Consolidated Financial Statements in the 2010 Annual Report on Form 10-K, which should be read in conjunction with these unaudited condensed consolidated financial statements. The accounting policies described in Note 2 to the Consolidated Financial Statements included in such Annual Report on Form 10-K are the same used in preparing the accompanying unaudited condensed consolidated financial statements.

Net income for interim periods may not necessarily be indicative of results for the full year. All intercompany items have been eliminated in consolidation.

Note 2: Gas Stored Underground and Gas Receivables and Payables

Gulf South and Texas Gas provide storage services whereby they store gas on behalf of customers and also periodically hold customer gas under parking and lending (PAL) services. Since the customers retain title to the gas held by the Partnership in providing these services, the Partnership does not record the related gas on its balance sheet. The Partnership held for storage or under PAL agreements approximately 74.9 trillion British thermal units (TBtu) of gas owned by third parties as of September 30, 2011. Assuming an average market price during September 2011 of \$3.82 per million British thermal units (MMBtu), the market value of gas held on behalf of others was approximately \$286.1 million. As of December 31, 2010, the Partnership held for storage or under PAL agreements approximately 82.9 TBtu of gas owned by third parties.

In the course of providing transportation and storage services to customers, the operating subsidiaries may receive different quantities of gas from shippers and operators than the quantities delivered on behalf of those shippers and operators. This results in transportation and exchange gas receivables and payables, commonly known as imbalances, which are settled in cash or the receipt or delivery of gas in the future. Gulf South and Texas Gas also periodically lend gas to customers under PAL services. As of September 30, 2011, the amount of gas owed to the operating subsidiaries due to gas imbalances and gas loaned under PAL agreements was approximately 8.5 TBtu.

Assuming an average market price during September 2011 of \$3.82 per MMBtu, the market value of that gas was approximately \$32.5 million. As of December 31, 2010, the amount of gas owed to the operating subsidiaries due to gas imbalances and gas loaned under PAL agreements was approximately 13.0 TBtu. If any significant customer should have credit or financial problems resulting in a delay or failure to repay the gas owed to the operating subsidiaries, it could have a material adverse effect on the Partnership's financial condition, results of operations or cash flows.

Note 3: Derivatives

Subsidiaries of the Partnership use futures, swaps and option contracts (collectively, derivatives) to hedge exposure to natural gas commodity price risk related to the future operational sales of natural gas and cash for fuel reimbursement where customers pay cash for the cost of fuel used in providing transportation services as opposed to having fuel retained in kind. This price risk exposure includes approximately \$8.0 million and \$3.6 million of gas stored underground at September 30, 2011 and December 31, 2010, which the Partnership owns and carries on its balance sheet as current *Gas stored underground*. Additionally, at December 31, 2010, the Partnership had 4.5 billion cubic feet (Bcf) of gas with a book value of \$10.3 million that was available for sale as a result of a change in the storage working gas needed to support operations and no-notice services at its Texas Gas subsidiary, all of which was sold in 2011. At September 30, 2011, approximately 0.8 Bcf of anticipated future sales of natural gas and cash for fuel reimbursement were hedged with derivatives having settlement dates in 2011. The derivatives qualify for cash flow hedge accounting and are designated as such. The Partnership has also periodically used derivatives as cash flow hedges of interest rate risk in anticipation of debt offerings. The Partnership did not discontinue any cash flow hedges during the three and nine months ended September 30, 2011 and 2010.

All of the Partnership's currently outstanding derivatives are reported at fair value based on New York Mercantile Exchange (NYMEX) quotes for natural gas futures and options. The NYMEX quotes are deemed to be observable inputs in an active market for similar assets and liabilities and are considered Level 2 inputs for purposes of fair value disclosures. The Partnership has not changed its valuation techniques or inputs during the reporting period.

The fair values of derivatives existing as of September 30, 2011 and December 31, 2010, were included in the following captions in the *Condensed Consolidated Balance Sheets* (in millions):

	Asset Derivatives				Liability Derivatives			
	September 30, 2011		December 31, 2010		September 30, 2011		December 31, 2010	
	Balance sheet location	Fair Value	Balance sheet location	Fair Value	Balance sheet location	Fair Value	Balance sheet location	Fair Value
Derivatives designated as hedging instruments								
Commodity contracts	Other current assets	<u>\$ 0.8</u>	Other current assets	<u>\$ -</u>	Other current liabilities	<u>\$ -</u>	Other current liabilities	<u>\$ 1.7</u>

The Partnership estimates that approximately \$0.9 million of net losses reported in *Accumulated other comprehensive income (loss)* (AOCI) as of September 30, 2011, are expected to be reclassified into earnings within the next twelve months. The amount of gains and losses from derivatives recognized in the *Condensed Consolidated Statements of Income* for the three months ended September 30, 2011, were (in millions):

Derivatives in Cash Flow Hedging Relationship	Amount of gain/(loss) recognized in AOCI on derivatives (effective portion)	Location of gain/(loss) reclassified from AOCI into income (effective portion)	Amount of gain/(loss) reclassified from AOCI into income (effective portion)	Location of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)	Amount of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)
Commodity contracts	\$ 1.0	Operating revenues (2)	\$ 0.4	N/A	\$ -
Commodity contracts	0.5	Net gain(loss) on disposal of operating assets	0.2	N/A	-
Interest rate contracts (1)	-	Interest expense	(0.4)	N/A	-
	<u>\$ 1.5</u>		<u>\$ 0.2</u>		<u>\$ -</u>

(1) Related to amounts deferred in AOCI from Treasury rate locks used in hedging interest payments associated with debt offerings that were settled in previous periods and are being amortized to earnings over the terms of the related interest payments, generally the terms of the related debt.

(2) \$0.1 million was recorded in *Gas transportation revenues* and \$0.3 million was recorded in *Other revenues*.

The amount of gains and losses from derivatives recognized in the *Condensed Consolidated Statements of Income* for the three months ended September 30, 2010, were (in millions):

Derivatives in Cash Flow Hedging Relationship	Amount of gain/(loss) recognized in AOCI on derivatives (effective portion)	Location of gain/(loss) reclassified from AOCI into income (effective portion)	Amount of gain/(loss) reclassified from AOCI into income (effective portion)	Location of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)	Amount of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)
Commodity contracts	\$ 0.7	Operating revenues (2)	\$ 3.1	N/A	\$ -
Commodity contracts	0.6	Net gain (loss) on disposal of operating assets	4.7	N/A	-
Interest rate contracts (1)	-	Interest expense	(0.4)	N/A	-
	<u>\$ 1.3</u>		<u>\$ 7.4</u>		<u>\$ -</u>

(1) Related to amounts deferred in AOCI from Treasury rate locks used in hedging interest payments associated with debt offerings that were settled in previous periods and are being amortized to earnings over the terms of the related interest payments, generally the terms of the related debt.

(2) \$1.1 million was recorded in *Gas transportation revenues* and \$2.0 million was recorded in *Other revenues*.

The amount of gains and losses from derivatives recognized in the *Condensed Consolidated Statements of Income* for the nine months ended September 30, 2011, were (in millions):

Derivatives in Cash Flow Hedging Relationship	Amount of gain/(loss) recognized in AOCI on derivatives (effective portion)	Location of gain/(loss) reclassified from AOCI into income (effective portion)	Amount of gain/(loss) reclassified from AOCI into income (effective portion)	Location of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)	Amount of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)
Commodity contracts	\$ 1.6	Operating revenues (2)	\$ 0.5	N/A	\$ -
Commodity contracts	1.3	Net gain on disposal of operating assets	0.1	N/A	-
Interest rate contracts (1)	-	Interest expense	(1.3)	N/A	-
	<u>\$ 2.9</u>		<u>\$ (0.7)</u>		<u>\$ -</u>

(1) Related to amounts deferred in AOCI from Treasury rate locks used in hedging interest payments associated with debt offerings that were settled in previous periods and are being amortized to earnings over the terms of the related interest payments, generally the terms of the related debt.

(2) \$0.2 million was recorded in *Gas transportation revenues* and \$0.3 million was recorded in *Other revenues*.

The amount of gains and losses from derivatives recognized in the *Condensed Consolidated Statements of Income* for the nine months ended September 30, 2010, were (in millions):

Derivatives in Cash Flow Hedging Relationship	Amount of gain/(loss) recognized in AOCI on derivatives (effective portion)	Location of gain/(loss) reclassified from AOCI into income (effective portion)	Amount of gain/(loss) reclassified from AOCI into income (effective portion)	Location of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)	Amount of gain/(loss) recognized in income on derivative (in-effective portion and amount excluded from effectiveness testing)
Commodity contracts	\$ 3.5	Operating revenues (2)	\$ 7.7	N/A	\$ -
Commodity contracts	4.1	Net gain (loss) on disposal of operating assets	4.7	N/A	-
Interest rate contracts (1)	-	Interest expense	(1.2)	N/A	-
	<u>\$ 7.6</u>		<u>\$ 11.2</u>		<u>\$ -</u>

(1) Related to amounts deferred in AOCI from Treasury rate locks used in hedging interest payments associated with debt offerings that were settled in previous periods and are being amortized to earnings over the terms of the related interest payments, generally the terms of the related debt.

(2) \$3.5 million was recorded in *Gas transportation revenues* and \$4.2 million was recorded in *Other revenues*.

Note 4: Income Taxes

The Partnership is not a taxable entity for federal income tax purposes. As such, it does not directly pay federal income tax. The Partnership's taxable income or loss, which may vary substantially from the net income or loss reported in the *Condensed Consolidated Statements of Income*, is includable in the federal income tax returns of each partner. The aggregate difference in the basis of the Partnership's net assets for financial and income tax purposes cannot be readily determined as the Partnership does not have access to the information about each partner's tax attributes. The subsidiaries of the Partnership directly incur some income-based state taxes which are presented in *Income taxes* on the *Condensed Consolidated Statements of Income*.

Note 5: Commitments and Contingencies

Legal Proceedings and Settlements

The Partnership's subsidiaries are parties to various legal actions arising in the normal course of business. Management believes the disposition of these outstanding legal actions will not have a material adverse impact on the Partnership's financial condition, results of operations or cash flows.

Environmental and Safety Matters

The operating subsidiaries are subject to federal, state and local environmental laws and regulations in connection with the operation and remediation of various operating sites. As of September 30, 2011 and December 31, 2010, the Partnership had an accrued liability of approximately \$10.4 million and \$11.2 million related to assessment and/or remediation costs associated with the historical use of polychlorinated biphenyls, petroleum hydrocarbons and mercury, groundwater protection measures and other costs. The liability represents management's estimate of the undiscounted future obligations based on evaluations and discussions with counsel and operating personnel and the current facts and circumstances related to these matters. The related expenditures are expected to occur over the next ten years. As of September 30, 2011 and December 31, 2010, approximately \$3.6 million was recorded in *Other current liabilities* for both periods and approximately \$6.8 million and \$7.6 million were recorded in *Other Liabilities and Deferred Credits*.

Clean Air Act

The Partnership's pipelines are subject to the Clean Air Act (CAA) and the CAA Amendments of 1990 (Amendments) which added significant provisions to the CAA. The Amendments require the EPA to promulgate new regulations pertaining to mobile sources, air toxics, areas of ozone non-attainment, greenhouse gases and regulations affecting reciprocating engines subject to Maximum Achievable Control Technology (MACT). The operating subsidiaries presently operate two facilities in areas affected by non-attainment requirements for the current ozone standard (eight-hour standard). If the EPA designates additional new non-attainment areas or promulgates new air regulations where the Partnership operates, the cost of additions to property, plant and equipment is expected to increase. The Partnership has assessed the impact of the CAA on its facilities and does not believe compliance with these regulations will have a material impact on its financial condition, results of operations or cash flows.

In 2008, the EPA adopted regulations lowering the 8-hour ozone standard relevant to non-attainment areas. Under the regulations, new non-attainment areas will be identified which may require additional emission controls for compliance at as many as 12 facilities operated by the operating subsidiaries. The EPA is expected to finalize a new standard in 2011, which will lower the 8-hour ozone standard set in 2008 and set a compliance deadline between 2014 and 2031. The Partnership is currently evaluating its affected facilities to determine the costs necessary to comply with this standard.

Beginning in 2011, the Partnership was required to file reports with the EPA regarding greenhouse gas emissions from its facilities, mainly its compressor stations, pursuant to final rules issued by the EPA regarding the reporting of greenhouse gas emissions from sources in the U.S. that annually emit 25,000 or more metric tons of greenhouse gases, including carbon dioxide, methane and others. As a result, the Partnership conducted various

facility surveys across its entire system to comply with the EPA's greenhouse gas emission calculations and reporting regulations. Some states have also adopted laws regulating greenhouse gas emissions, although none of the states in which the Partnership operates have adopted such laws. The new federal rules and determinations regarding greenhouse gas emissions have not had, and are not expected to have, a material effect on the Partnership's financial condition, results of operations or cash flows.

In 2010, the EPA adopted regulations requiring further emission controls for air toxics, specifically formaldehyde, from certain compression engines utilizing MACT. The Partnership estimates that certain of its compression engines will require the installation of certain emission controls by late 2013. The Partnership does not believe the regulation will have a material effect on its financial condition, results of operations or cash flows.

Commitments for Construction

The Partnership's future capital commitments are comprised of binding commitments under purchase orders for materials ordered but not received and firm commitments under binding construction service agreements existing at September 30, 2011. The commitments as of September 30, 2011, were approximately (in millions):

2011	\$ 31.1
2012	-
2013	-
2014	-
2015	-
Thereafter	-
Total	<u>\$ 31.1</u>

There were no substantial changes to the Partnership's operating lease commitments or pipeline capacity agreements disclosed in Note 3 to the Partnership's 2010 Annual Report on Form 10-K.

Note 6: Cash Distributions and Net Income per Unit

Cash Distributions

The Partnership's cash distribution policy requires that the Partnership distribute to its various ownership interests on a quarterly basis all of its available cash, as defined in its partnership agreement. IDRs, which represent a limited partner ownership interest and are currently held by the Partnership's general partner, represent the contractual right to receive an increasing percentage of quarterly distributions of available cash as follows:

	Total Quarterly Distribution	Marginal Percentage Interest in Distributions	
		Limited Partner Unitholders (1)	General Partner and IDRs
	Target Amount		
First Target Distribution	up to \$0.4025	98%	2%
Second Target Distribution	above \$0.4025 up to \$0.4375	85%	15%
Third Target Distribution	above \$0.4375 up to \$0.5250	75%	25%
Thereafter	above \$0.5250	50%	50%

- (1) The class B unitholders participate in distributions on a pari passu basis with the Partnership's common units up to \$0.30 per unit per quarter. The class B units do not participate in quarterly distributions above \$0.30 per unit.

In the third quarter 2011, the Partnership declared and paid quarterly distributions to its common unitholders of record of \$0.525 per common unit, \$0.30 per class B unit to the holder of the class B units and amounts to the general partner on behalf of its 2% general partner interest and as holder of the IDRs. In the third quarter 2010, the Partnership declared and paid quarterly distributions to unitholders of record of \$0.51 per common unit, \$0.30 per class B unit to the holder of the class B units and amounts to the general partner on behalf of its 2% general partner interest and as holder of the IDRs. In October 2011, the Partnership declared a quarterly cash distribution to unitholders of record of \$0.5275 per common unit.

Net Income per Unit

For purposes of calculating net income per unit, net income for the current period is reduced by the amount of available cash that will be distributed with respect to that period. Any residual amount representing undistributed net income (or loss) is assumed to be allocated to the various ownership interests in accordance with the contractual provisions of the partnership agreement.

Under the Partnership's partnership agreement, for any quarterly period, the IDRs participate in net income only to the extent of the amount of cash distributions actually declared, thereby excluding the IDRs from participating in undistributed net income or losses. Accordingly, undistributed net income is assumed to be allocated to the other ownership interests on a pro rata basis, except that the class B units' participation in net income is limited to \$0.30 per unit per quarter. Payments made on account of the Partnership's various ownership interests are determined in relation to actual declared distributions and are not based on the assumed allocations required under GAAP.

The following table provides a reconciliation of net income and the assumed allocation of net income to the common and class B units for purposes of computing net income per unit for the three months ended September 30, 2011, (in millions, except per unit data):

	Total	Common Units	Class B Units	General Partner and IDRs
Net income	\$ 47.2			
Declared distribution	107.8	\$ 92.7	\$ 6.9	\$ 8.2
Assumed allocation of undistributed net loss	(60.6)	(52.5)	(6.9)	(1.2)
Assumed allocation of net income	<u>\$ 47.2</u>	<u>\$ 40.2</u>	<u>\$ -</u>	<u>\$ 7.0</u>
Weighted-average units outstanding		175.7	22.9	
Net income per unit		\$ 0.23	\$ -	

The following table provides a reconciliation of net income and the assumed allocation of net income to the common and class B units for purposes of computing net income per unit for the three months ended September 30, 2010, (in millions, except per unit data):

	Total	Common Units	Class B Units	General Partner and IDRs
Net income	\$ 55.8			
Declared distribution	101.2	\$ 87.4	\$ 6.9	\$ 6.9
Assumed allocation of undistributed net loss	(45.4)	(39.2)	(5.3)	(0.9)
Assumed allocation of net income	<u>\$ 55.8</u>	<u>\$ 48.2</u>	<u>\$ 1.6</u>	<u>\$ 6.0</u>
Weighted-average units outstanding		169.7	22.9	
Net income per unit		\$ 0.28	\$ 0.07	

The following table provides a reconciliation of net income and the assumed allocation of net income to the common and class B units for purposes of computing net income per unit for the nine months ended September 30, 2011, (in millions, except per unit data):

	Total	Common Units	Class B Units	General Partner and IDRs
Net income	\$ 145.4			
Declared distribution	317.6	\$ 273.6	\$ 20.6	\$ 23.4
Assumed allocation of undistributed net loss	(172.2)	(149.0)	(19.7)	(3.5)
Assumed allocation of net income	<u>\$ 145.4</u>	<u>\$ 124.6</u>	<u>\$ 0.9</u>	<u>\$ 19.9</u>
Weighted-average units outstanding		172.5	22.9	
Net income per unit		\$ 0.72	\$ 0.04	

The following table provides a reconciliation of net income and the assumed allocation of net income to the common and class B units for purposes of computing net income per unit for the nine months ended September 30, 2010, (in millions, except per unit data):

	Total	Common Units	Class B Units	General Partner and IDRs
Net income	\$ 200.5			
Declared distribution	300.3	\$ 259.6	\$ 20.7	\$ 20.0
Assumed allocation of undistributed net loss	(99.8)	(86.1)	(11.7)	(2.0)
Assumed allocation of net income	<u>\$ 200.5</u>	<u>\$ 173.5</u>	<u>\$ 9.0</u>	<u>\$ 18.0</u>
Weighted-average units outstanding		169.7	22.9	
Net income per unit		\$ 1.02	\$ 0.39	

Note 7: Financing

Notes and Debentures

In January 2011, the Partnership received net proceeds of approximately \$322.0 million after deducting initial purchaser discounts and offering expenses of \$3.0 million from the sale of \$325.0 million of 4.50% senior unsecured notes of Texas Gas due February 1, 2021 (2021 Notes). In June 2011, the Partnership issued an additional \$115.0 million of the 2021 Notes. The additional issuance was priced at a premium and the Partnership received net proceeds of approximately \$115.6 million after deducting underwriter discounts and offering expenses of \$1.0 million. The net proceeds of both offerings were used to reduce borrowings under the Partnership's revolving credit facility and to redeem Texas Gas' 5.50% notes due April 1, 2013 (2013 Notes), as discussed below. The 2021 Notes are redeemable, in whole or in part, at the Partnership's option at any time, at a redemption price equal to the greater of 100% of the principal amount of the notes to be redeemed or a "make whole" redemption price based on the remaining scheduled payments of principal and interest discounted to the date of redemption at a rate equal to the Treasury rate plus 20 basis points plus accrued and unpaid interest, if any. Other customary covenants apply, including those concerning events of default.

In February 2011, the Partnership redeemed \$135.0 million of Texas Gas' 2013 Notes at a premium of \$11.8 million and in July 2011, redeemed the remaining \$115.0 million at a premium of \$9.2 million. The Partnership had unamortized discounts and deferred offering costs of \$1.1 million related to the 2013 Notes which were redeemed. Due to the application of regulatory accounting, approximately \$8.9 million of the premium and unamortized discounts related to the 2013 Notes were recognized as a regulatory asset, and will be amortized over the life of the 2021 Notes. A \$7.4 million loss on the early extinguishment of debt was recognized in the first quarter 2011 and an additional loss of \$5.8 million was recognized in the third quarter 2011.

As of September 30, 2011 and December 31, 2010, the Partnership had notes and debentures outstanding of \$2.7 billion and \$2.5 billion with a weighted-average interest rate of 5.69% and 5.89%. The Partnership has \$225.0 million of notes maturing August 2012. These notes are included in long-term debt on the *Condensed Consolidated Balance Sheets* since the Partnership expects to refinance these notes on a long-term basis and there is adequate

available capacity under the revolving credit facility to extend the amount that would otherwise come due in less than a year.

The indentures governing the notes and debentures have restrictive covenants which provide that, with certain exceptions, neither the Partnership nor any of its subsidiaries may create, assume or suffer to exist any lien upon any property to secure any indebtedness unless the debentures and notes shall be equally and ratably secured. All debt obligations are unsecured. At September 30, 2011, Boardwalk Pipelines and its operating subsidiaries were in compliance with their debt covenants.

Revolving Credit Facility

The Partnership has a revolving credit facility which has aggregate lending commitments of \$950.0 million. Borrowings outstanding under the credit facility as of September 30, 2011 and December 31, 2010, were \$458.5 million and \$703.5 million with a weighted-average borrowing rate of 0.48% and 0.53%. At September 30, 2011, the Partnership had available borrowing capacity of \$491.5 million and had no letters of credit issued.

The credit facility contains various restrictive covenants and other usual and customary terms and conditions, including limitations on the payment of cash dividends by the Partnership's subsidiaries and other restricted payments, the incurrence of additional debt, the sale of assets and sale-leaseback transactions. The financial covenants under the credit facility require the Partnership and its subsidiaries to maintain, among other things, a ratio of total consolidated debt to consolidated EBITDA (as defined in the credit agreement) measured for the previous twelve months of not more than 5.0 to 1.0. The Partnership and its subsidiaries were in compliance with all covenant requirements under the credit facility as of September 30, 2011. The revolving credit facility has a maturity date of June 29, 2012, however all outstanding revolving loans on such date may be converted to term loans having a maturity date of June 29, 2013.

Long-Term Debt – Affiliate

In 2009, Boardwalk Pipelines entered into a Subordinated Loan Agreement with BPHC under which Boardwalk Pipelines borrowed \$200.0 million (Subordinated Loans). The Subordinated Loans bear interest at 8.00% per year, payable semi-annually in June and December, commencing December 2009, and mature six months after the maturity (including any term-out period) of the revolving credit facility. As of September 30, 2011 and December 31, 2010, the Partnership had \$100.0 million outstanding under the Subordinated Loan Agreement with no additional borrowing capacity available. BPHC waived the mandatory prepayment provision under the Subordinated Loan Agreement that would have required prepayment of the outstanding Subordinated Loans as a result of the issuance and sale of the 2021 Notes and common units in June 2011 discussed below.

Common Unit Offering

In June 2011, the Partnership completed a public offering of 6.0 million of its common units at a price of \$29.33 per unit. The Partnership received net cash proceeds of approximately \$173.6 million after deducting underwriting discounts and offering expenses of \$6.0 million and including a \$3.6 million contribution received from the general partner to maintain its 2% general partner interest.

Registration Rights Agreement

The Partnership has entered into an Amended and Restated Registration Rights Agreement with BPHC under which the Partnership has agreed to register the resale by BPHC of 27.9 million common units and to reimburse BPHC up to a maximum price of \$0.914 per common unit for underwriting discounts and commissions. In February 2010, BPHC sold 11.5 million common units of the Partnership in a secondary offering and consequently, the Partnership reimbursed BPHC \$10.5 million for underwriting discounts and commissions and incurred other offering costs of approximately \$0.2 million, all of which were recorded against a previously established liability pursuant to the registration rights agreement. As of September 30, 2011 and December 31, 2010, the Partnership had an accrued liability of approximately \$16.0 million for future underwriting discounts and commissions that would be reimbursed to BPHC and other registration and offering costs that are expected to be incurred by the Partnership.

Note 8: Property, Plant and Equipment (PPE)

In February 2011, a fire occurred at one of the Partnership's compressor stations near Carthage, Texas, which caused significant damage to the compressor building, the compressor units and related equipment housed in the building. The cost to repair the building facilities and replace equipment damaged by the fire was approximately \$18.0 million. The Partnership has insurance which will cover the costs incurred to restore the damaged equipment and facilities, subject to a \$5.0 million deductible. In the first quarter 2011, the Partnership recognized expenses of \$5.0 million related to the incident which is recorded in the *Condensed Consolidated Statements of Income* and has recorded a receivable related to expected insurance recoveries of \$8.9 million on the *Condensed Consolidated Balance Sheets*.

Note 9: Bistineau Storage Gas Loss

In the second quarter 2011, the Partnership completed a series of tests to verify the quantity of gas stored at its Bistineau storage facility. These tests indicated that a gas loss of approximately 6.7 Bcf occurred at the facility. As a result, the Partnership recorded a charge to *Fuel and gas transportation expense* of \$3.7 million to recognize the loss in base gas which had a carrying value of \$0.53 per MMBtu. The Partnership has not yet determined the root cause of the gas loss or whether the gas will need to be replaced.

Note 10: Asset Impairments and Dispositions***Materials and Supplies***

The Partnership holds materials and supplies comprised of pipe, valves, fittings and other materials to support its ongoing operations and for potential future growth projects. In 2011, the Partnership determined that a portion of the materials and supplies would not be used given the types of projects the Partnership would likely pursue under its new growth strategy and the costs to carry and maintain the materials. As a result, the Partnership recognized an impairment charge of \$28.6 million to adjust the carrying amount of those materials and supplies to an estimated fair value of \$6.4 million. The fair value of the materials was determined by obtaining information from brokers, resellers and distributors of these types of materials which are considered Level 3 inputs under the fair value hierarchy. At September 30, 2011, the Partnership held approximately \$26.2 million of materials and supplies which was reflected in *Other Assets* on the *Condensed Consolidated Balance Sheets*.

In the third quarter 2010, the Partnership agreed to sell pipe materials with a book value of \$11.5 million for estimated consideration of approximately \$8.2 million and recorded an impairment charge of \$3.3 million. The fair value measurement of the pipe materials was based on Level 3 inputs under the fair value hierarchy.

Gas Sales

For the three and nine months ended September 30, 2011, the Partnership sold approximately 3.1 Bcf and 4.5 Bcf of gas stored underground with a book value of \$6.9 million and \$10.3 million that became available for sale due to a change in the storage working gas needed to support operations and no-notice services at its Texas Gas subsidiary. As a result, the Partnership recognized gains of \$6.0 million and \$9.2 million for the three and nine months ended September 30, 2011. In the third quarter 2010, approximately 3.3 Bcf of gas stored underground with a book value of \$7.5 million was sold related to Phase III of the Western Kentucky Storage Expansion. As a result, the Partnership recognized a gain of \$12.1 million for the three and nine months ended September 30, 2010. The gains related to these gas sales were recorded in *Net gain on disposal of operating assets*.

Overton Lateral

In 2010, the Partnership completed the sale of certain of its gathering assets in the Overton Field area in northeastern Texas for a nominal amount. In the second quarter 2010, the Partnership recognized an impairment charge of approximately \$2.2 million, representing the net book value of the assets.

Note 11: Employee Benefits

Defined Benefit Retirement Plans and Postretirement Benefits Other Than Pension (PBOP)

Texas Gas employees hired prior to November 1, 2006, are covered under a non-contributory, defined benefit pension plan (Pension Plan). The Texas Gas Supplemental Retirement Plan provides pension benefits for the portion of an eligible employee's pension benefit under the Pension Plan that becomes subject to compensation limitations under the Internal Revenue Code. Texas Gas provides postretirement medical benefits and life insurance to retired employees who were employed full time, hired prior to January 1, 1996, and have met certain other requirements.

Components of net periodic benefit cost for both the Retirement Plans and PBOP for the three months ended September 30, 2011 and 2010 were as follows (in millions):

	Retirement Plans		PBOP	
	For the		For the	
	Three Months Ended		Three Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Service cost	\$ 1.0	\$ 0.9	\$ 0.1	\$ 0.1
Interest cost	1.6	1.7	0.6	0.7
Expected return on plan assets	(2.0)	(1.7)	(0.8)	(0.9)
Amortization of prior service credit	-	-	(1.9)	(2.0)
Amortization of unrecognized net loss	0.3	0.3	0.1	0.2
Regulatory asset decrease	-	-	1.4	1.4
Net periodic benefit cost	<u>\$ 0.9</u>	<u>\$ 1.2</u>	<u>\$ (0.5)</u>	<u>\$ (0.5)</u>

Components of net periodic benefit cost for both the Retirement Plans and PBOP for the nine months ended September 30, 2011 and 2010 were as follows (in millions):

	Retirement Plans		PBOP	
	For the		For the	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Service cost	\$ 3.0	\$ 2.8	\$ 0.3	\$ 0.3
Interest cost	4.8	5.1	1.8	2.1
Expected return on plan assets	(6.0)	(5.2)	(2.4)	(2.8)
Amortization of prior service credit	-	-	(5.7)	(5.8)
Amortization of unrecognized net loss	0.9	1.0	0.4	0.6
Regulatory asset decrease	-	-	4.2	4.1
Net periodic benefit cost	<u>\$ 2.7</u>	<u>\$ 3.7</u>	<u>\$ (1.4)</u>	<u>\$ (1.5)</u>

In 2011, the Partnership contributed \$9.0 million to its defined benefit pension plan.

Defined Contribution Plans

Texas Gas employees hired on or after November 1, 2006, and Gulf South employees are provided retirement benefits under a similar defined contribution money purchase plan. The operating subsidiaries also provide 401(k) plan benefits to their employees. Costs related to the Partnership's defined contribution plans were \$2.0 million and \$5.8 million for the three and nine months ended September 30, 2011, and \$2.0 million and \$5.5 million for the three and nine months ended September 30, 2010.

Note 12: Related Party Transactions

Loews provides to the Partnership a variety of corporate services under services agreements, including but not limited to, information technology, tax, risk management, internal audit and corporate development services, plus allocated overhead. The Partnership incurred charges related to these services of \$3.6 million and \$13.9 million for the three and nine months ended September 30, 2011, and \$3.2 million and \$12.4 million for the three and nine months ended September 30, 2010.

Distributions paid related to limited partner units held by BPHC and the 2% general partner interest and IDRs held by Boardwalk GP were \$204.0 million and \$201.2 million during the nine months ended September 30, 2011 and 2010.

Note 13: Accumulated Other Comprehensive Loss

The following table shows the components of *Accumulated other comprehensive loss* which is included in Partners' Capital on the *Condensed Consolidated Balance Sheets* (in millions):

	As of <u>September 30, 2011</u>	As of <u>December 31, 2010</u>
Loss on cash flow hedges	\$ (10.1)	\$ (13.7)
Deferred components of net periodic benefit cost	(30.3)	(25.8)
Total Accumulated other comprehensive loss	<u>\$ (40.4)</u>	<u>\$ (39.5)</u>

Note 14: Financial Instruments

The following methods and assumptions were used in estimating the Partnership's fair value disclosures for financial instruments:

Cash and Cash Equivalents: For cash and short-term financial assets, the carrying amount is a reasonable estimate of fair value due to the short maturity of those instruments.

Long-Term Debt: The estimated fair value of the Partnership's publicly traded debt is based on quoted market prices at September 30, 2011 and December 31, 2010. The fair market value of the debt that is not publicly traded is based on market prices of similar debt at September 30, 2011 and December 31, 2010.

Long-Term Debt - Affiliate: Borrowings under a subordinated loan agreement with BPHC were completed in 2009. The estimated fair value is based on market prices of similar debt, adjusted for the affiliated nature of the transaction.

The carrying amount and estimated fair values of the Partnership's financial instruments as of September 30, 2011 and December 31, 2010, were as follows (in millions):

	September 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	\$ 84.2	\$ 84.2	\$ 55.0	\$ 55.0
Financial Liabilities				
Long-term debt	\$ 3,098.2	\$ 3,337.1	\$ 3,152.3	\$ 3,314.3
Long-term debt – affiliate	100.0	107.7	100.0	106.3

Note 15: Supplemental Disclosure of Cash Flow Information (in millions):

	For the Nine Months Ended September 30,	
	2011	2010
Cash paid during the period for:		
Interest (net of amount capitalized) ⁽¹⁾	\$ 149.6	\$ 116.9
Non-cash adjustments:		
Accounts payable and PPE	\$ 10.4	\$ 29.0

(1) The 2011 period includes \$21.0 million of premiums paid for the 2013 Notes redemption.

Note 16: Subsequent Events

In October 2011, Boardwalk Pipelines and BPHC entered into an agreement to create a joint venture, Boardwalk HP Storage Company, LLC (Boardwalk Storage). Simultaneously, Boardwalk Storage entered into a definitive agreement to acquire Petal Gas Storage, L.L.C., Hattiesburg Gas Storage Company and related entities from an affiliate of Enterprise Products Partners L.P. for \$550.0 million in cash. These entities own and operate salt dome storage and pipeline facilities and are engaged in the storage and transportation of natural gas. Boardwalk Storage expects to fund the acquisition with proceeds from a new \$200.0 million five-year bank loan and equity contributions from Boardwalk Pipelines and BPHC. BPHC will contribute \$280.0 million for an 80% equity ownership interest in Boardwalk Storage and Boardwalk Pipelines will contribute \$70.0 million for a 20% equity ownership interest in Boardwalk Storage. The acquisition is expected to close in the fourth quarter 2011 subject to customary closing conditions.

Note 17: Guarantee of Securities of Subsidiaries

Boardwalk Pipelines (subsidiary issuer) has issued securities which have been fully and unconditionally guaranteed by the Partnership (parent guarantor). The Partnership's subsidiaries have no significant restrictions on their ability to pay distributions or make loans to the Partnership except as noted in the debt covenants and have no restricted assets at September 30, 2011 and December 31, 2010. Note 7 contains additional information regarding the Partnership's debt and related covenants.

The Partnership has provided the following condensed consolidating financial information in accordance with Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*.

Condensed Consolidating Balance Sheets as of September 30, 2011
(Millions)

Assets	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Cash and cash equivalents	\$ 0.4	\$ 78.2	\$ 5.6	\$ -	\$ 84.2
Receivables	0.8	-	109.2	(7.4)	102.6
Gas stored underground	-	-	8.0	-	8.0
Prepayments	-	-	16.0	-	16.0
Advances to affiliates	-	-	38.8	(38.8)	-
Other current assets	0.3	-	29.5	(7.9)	21.9
Total current assets	1.5	78.2	207.1	(54.1)	232.7
Investment in consolidated subsidiaries	926.3	5,032.0	-	(5,958.3)	-
Property, plant and equipment, gross	0.6	-	7,119.7	-	7,120.3
Less-accumulated depreciation and amortization	0.6	-	932.9	-	933.5
Property, plant and equipment, net	-	-	6,186.8	-	6,186.8
Other noncurrent assets	0.3	1.7	383.9	(0.6)	385.3
Advances to affiliates – noncurrent	2,338.1	-	529.6	(2,867.7)	-
Total other assets	2,338.4	1.7	913.5	(2,868.3)	385.3
Total Assets	\$ 3,266.2	\$ 5,111.9	\$ 7,307.4	\$ (8,880.7)	\$ 6,804.8

Liabilities & Partners' Capital/Member's Equity	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Payables	\$ 2.4	\$ 2.1	\$ 42.4	\$ (7.4)	\$ 39.5
Advances from affiliates	-	38.8	-	(38.8)	-
Other current liabilities	0.1	12.4	141.9	(8.5)	145.9
Total current liabilities	2.5	53.3	184.3	(54.7)	185.4
Total long-term debt	-	1,279.9	1,918.3	-	3,198.2
Payable to affiliate	16.0	2,867.7	-	(2,867.7)	16.0
Other noncurrent liabilities	0.3	-	157.5	-	157.8
Total other liabilities and deferred credits	16.3	2,867.7	157.5	(2,867.7)	173.8
Total partners' capital/member's equity	3,247.4	911.0	5,047.3	(5,958.3)	3,247.4
Total Liabilities and Partners' Capital/Member's Equity	\$ 3,266.2	\$ 5,111.9	\$ 7,307.4	\$ (8,880.7)	\$ 6,804.8

Condensed Consolidating Balance Sheets as of December 31, 2010
(Millions)

Assets	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Cash and cash equivalents	\$ -	\$ 52.6	\$ 2.4	\$ -	\$ 55.0
Receivables	-	-	115.2	(9.0)	106.2
Gas stored underground	-	-	3.6	-	3.6
Prepayments	-	-	11.4	-	11.4
Advances to affiliates	-	107.8	-	(107.8)	-
Other current assets	-	-	34.9	(7.9)	27.0
Total current assets	-	160.4	167.5	(124.7)	203.2
Investment in consolidated subsidiaries	799.4	4,940.9	-	(5,740.3)	-
Property, plant and equipment, gross	0.6	-	7,043.2	-	7,043.8
Less-accumulated depreciation and amortization	0.5	-	785.3	-	785.8
Property, plant and equipment, net	0.1	-	6,257.9	-	6,258.0
Other noncurrent assets	-	1.8	417.0	(2.0)	416.8
Advances to affiliates – noncurrent	2,461.4	-	362.2	(2,823.6)	-
Total other assets	2,461.4	1.8	779.2	(2,825.6)	416.8
Total Assets	\$ 3,260.9	\$ 5,103.1	\$ 7,204.6	\$ (8,690.6)	\$ 6,878.0

Liabilities & Partners' Capital/Member's Equity	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Payables	\$ 3.5	\$ 0.3	\$ 101.3	\$ (18.3)	\$ 86.8
Advances from affiliates	-	-	107.8	(107.8)	-
Other current liabilities	-	15.5	112.2	(0.7)	127.0
Total current liabilities	3.5	15.8	321.3	(126.8)	213.8
Total long-term debt	-	1,464.3	1,788.0	-	3,252.3
Payable to affiliate	16.0	2,823.6	-	(2,823.6)	16.0
Other noncurrent liabilities	-	-	154.4	0.1	154.5
Total other liabilities and deferred credits	16.0	2,823.6	154.4	(2,823.5)	170.5
Total partners' capital/member's equity	3,241.4	799.4	4,940.9	(5,740.3)	3,241.4
Total Liabilities and Partners' Capital/Member's Equity	\$ 3,260.9	\$ 5,103.1	\$ 7,204.6	\$ (8,690.6)	\$ 6,878.0

Condensed Consolidating Statements of Income for the Three Months Ended September 30, 2011
(Millions)

	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Operating revenues:					
Gas transportation	\$ -	\$ -	\$ 276.2	\$ (24.4)	\$ 251.8
Parking and lending	-	-	2.2	-	2.2
Gas storage	-	-	12.0	-	12.0
Other	-	-	2.9	-	2.9
Total operating revenues	<u>-</u>	<u>-</u>	<u>293.3</u>	<u>(24.4)</u>	<u>268.9</u>
Operating cost and expenses:					
Fuel and gas transportation	-	-	51.1	(24.4)	26.7
Operation and maintenance	-	-	45.9	-	45.9
Administrative and general	(0.1)	0.2	31.0	-	31.1
Other operating costs and expenses	<u>0.1</u>	<u>-</u>	<u>72.7</u>	<u>-</u>	<u>72.8</u>
Total operating costs and expenses	<u>-</u>	<u>0.2</u>	<u>200.7</u>	<u>(24.4)</u>	<u>176.5</u>
Operating income	<u>-</u>	<u>(0.2)</u>	<u>92.6</u>	<u>-</u>	<u>92.4</u>
Other deductions (income):					
Interest expense	-	16.0	21.6	-	37.6
Interest expense, affiliate, net	(7.5)	11.2	(1.7)	-	2.0
Loss on debt extinguishment	-	-	5.8	-	5.8
Interest income	-	-	(0.1)	-	(0.1)
Equity in earnings of subsidiaries	(39.7)	(69.9)	-	109.6	-
Miscellaneous other income	-	-	(0.2)	-	(0.2)
Total other (income) deductions	<u>(47.2)</u>	<u>(42.7)</u>	<u>25.4</u>	<u>109.6</u>	<u>45.1</u>
Income before income taxes	47.2	42.5	67.2	(109.6)	47.3
Income Taxes	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>0.1</u>
Net Income	<u>\$ 47.2</u>	<u>\$ 42.5</u>	<u>\$ 67.1</u>	<u>\$ (109.6)</u>	<u>\$ 47.2</u>

Condensed Consolidating Statements of Income for the Three Months Ended September 30, 2010
(Millions)

	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Operating revenues:					
Gas transportation	\$ -	\$ -	\$ 258.5	\$ (24.3)	\$ 234.2
Parking and lending	-	-	11.1	(5.6)	5.5
Gas storage	-	-	13.1	-	13.1
Other	-	-	4.8	-	4.8
Total operating revenues	<u>-</u>	<u>-</u>	<u>287.5</u>	<u>(29.9)</u>	<u>257.6</u>
Operating cost and expenses:					
Fuel and gas transportation	-	-	57.6	(29.9)	27.7
Operation and maintenance	-	-	36.8	-	36.8
Administrative and general	-	-	33.2	-	33.2
Other operating costs and expenses	0.1	-	66.7	-	66.8
Total operating costs and Expenses	<u>0.1</u>	<u>-</u>	<u>194.3</u>	<u>(29.9)</u>	<u>164.5</u>
Operating (loss) income	<u>(0.1)</u>	<u>-</u>	<u>93.2</u>	<u>-</u>	<u>93.1</u>
Other deductions (income):					
Interest expense	-	16.3	19.0	-	35.3
Interest expense, affiliate, net	(9.7)	12.1	(0.4)	-	2.0
Interest income	-	-	(0.2)	-	(0.2)
Equity in earnings of subsidiaries	(46.2)	(74.6)	-	120.8	-
Total other deductions (income)	<u>(55.9)</u>	<u>(46.2)</u>	<u>18.4</u>	<u>120.8</u>	<u>37.1</u>
Income before income taxes	55.8	46.2	74.8	(120.8)	56.0
Income Taxes	-	-	0.2	-	0.2
Net Income	<u>\$ 55.8</u>	<u>\$ 46.2</u>	<u>\$ 74.6</u>	<u>\$ (120.8)</u>	<u>\$ 55.8</u>

Condensed Consolidating Statements of Income for the Nine Months Ended September 30, 2011
(Millions)

	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Operating revenues:					
Gas transportation	\$ -	\$ -	\$ 859.2	\$ (72.6)	\$ 786.6
Parking and lending	-	-	9.3	(0.8)	8.5
Gas storage	-	-	37.5	-	37.5
Other	-	-	9.3	-	9.3
Total operating revenues	<u>-</u>	<u>-</u>	<u>915.3</u>	<u>(73.4)</u>	<u>841.9</u>
Operating cost and expenses:					
Fuel and gas transportation	-	-	152.1	(73.4)	78.7
Operation and maintenance	-	-	123.1	-	123.1
Administrative and general	(0.3)	0.2	102.0	-	101.9
Other operating costs and expenses	<u>0.3</u>	<u>-</u>	<u>260.4</u>	<u>-</u>	<u>260.7</u>
Total operating costs and expenses	<u>-</u>	<u>0.2</u>	<u>637.6</u>	<u>(73.4)</u>	<u>564.4</u>
Operating income	<u>-</u>	<u>(0.2)</u>	<u>277.7</u>	<u>-</u>	<u>277.5</u>
Other deductions (income):					
Interest expense	-	48.4	65.1	-	113.5
Interest expense, affiliate, net	(23.0)	33.4	(4.4)	-	6.0
Loss on debt extinguishment	-	-	13.2	-	13.2
Interest income	-	-	(0.3)	-	(0.3)
Equity in earnings of subsidiaries	(122.4)	(209.2)	-	331.6	-
Miscellaneous other income	-	-	(0.6)	-	(0.6)
Total other (income) deductions	<u>(145.4)</u>	<u>(127.4)</u>	<u>73.0</u>	<u>331.6</u>	<u>131.8</u>
Income before income taxes	145.4	127.2	204.7	(331.6)	145.7
Income taxes	<u>-</u>	<u>-</u>	<u>0.3</u>	<u>-</u>	<u>0.3</u>
Net Income	<u>\$ 145.4</u>	<u>\$ 127.2</u>	<u>\$ 204.4</u>	<u>\$ (331.6)</u>	<u>\$ 145.4</u>

Condensed Consolidating Statements of Income for the Nine Months Ended September 30, 2010
(Millions)

	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Operating revenues:					
Gas transportation	\$ -	\$ -	\$ 813.2	\$ (79.2)	\$ 734.0
Parking and lending	-	-	31.1	(7.3)	23.8
Gas storage	-	-	41.5	-	41.5
Other	-	-	15.5	-	15.5
Total operating revenues	<u>-</u>	<u>-</u>	<u>901.3</u>	<u>(86.5)</u>	<u>814.8</u>
Operating cost and expenses:					
Fuel and gas transportation	-	-	168.3	(86.5)	81.8
Operation and maintenance	-	-	100.2	-	100.2
Administrative and general	1.5	-	97.3	-	98.8
Other operating costs and expenses	<u>0.3</u>	<u>-</u>	<u>221.2</u>	<u>-</u>	<u>221.5</u>
Total operating costs and Expenses	<u>1.8</u>	<u>-</u>	<u>587.0</u>	<u>(86.5)</u>	<u>502.3</u>
Operating income (loss)	<u>(1.8)</u>	<u>-</u>	<u>314.3</u>	<u>-</u>	<u>312.5</u>
Other deductions (income):					
Interest expense	-	48.5	57.7	-	106.2
Interest expense, affiliate, net	(27.0)	33.2	(0.2)	-	6.0
Interest income	-	-	(0.5)	-	(0.5)
Equity in earnings of subsidiaries	(175.3)	(257.0)	-	432.3	-
Miscellaneous other income, net	<u>-</u>	<u>-</u>	<u>(0.1)</u>	<u>-</u>	<u>(0.1)</u>
Total other deductions (income)	<u>(202.3)</u>	<u>(175.3)</u>	<u>56.9</u>	<u>432.3</u>	<u>111.6</u>
Income before income taxes	200.5	175.3	257.4	(432.3)	200.9
Income Taxes	<u>-</u>	<u>-</u>	<u>0.4</u>	<u>-</u>	<u>0.4</u>
Net Income	<u>\$ 200.5</u>	<u>\$ 175.3</u>	<u>\$ 257.0</u>	<u>\$ (432.3)</u>	<u>\$ 200.5</u>

Condensed Consolidating Statements of Cash Flow for the Nine Months Ended September 30, 2011
(Millions)

	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Net Cash Provided by (Used In)					
Operating Activities	<u>\$ 21.1</u>	<u>\$ 20.0</u>	<u>\$ 405.6</u>	<u>\$ (101.2)</u>	<u>\$ 345.5</u>
Investing Activities:					
Capital expenditures	-	-	(116.9)	-	(116.9)
Proceeds from sale of operating assets	-	-	17.5	-	17.5
Advances to affiliates, net	123.1	107.8	(206.1)	(24.8)	-
Investment in consolidated subsidiary	<u>(5.3)</u>	<u>-</u>	<u>-</u>	<u>5.3</u>	<u>-</u>
Net Cash Provided by (Used in)					
Investing Activities	<u>117.8</u>	<u>107.8</u>	<u>(305.5)</u>	<u>(19.5)</u>	<u>(99.4)</u>
Financing Activities:					
Proceeds from long-term debt, net of issuance costs	-	-	437.6	-	437.6
Repayment of borrowings from long-term debt	-	-	(250.0)	-	(250.0)
Payments of premiums on extinguishment of long-term debt	-	-	(21.0)	-	(21.0)
Proceeds from borrowings on revolving credit agreement	-	235.0	280.0	-	515.0
Repayment of borrowings on revolving credit agreement	-	(420.0)	(340.0)	-	(760.0)
Contribution from parent	-	-	5.3	(5.3)	-
Advances from affiliates, net	-	82.8	(107.8)	25.0	-
Distributions paid	(312.1)	-	(101.0)	101.0	(312.1)
Proceeds from sale of common units	170.0	-	-	-	170.0
Capital Contribution from general partner	<u>3.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.6</u>
Net Cash (Used in) Provided by					
Financing Activities	<u>(138.5)</u>	<u>(102.2)</u>	<u>(96.9)</u>	<u>120.7</u>	<u>(216.9)</u>
Increase in Cash and Cash Equivalents	0.4	25.6	3.2	-	29.2
Cash and Cash Equivalents at Beginning of Period	<u>-</u>	<u>52.6</u>	<u>2.4</u>	<u>-</u>	<u>55.0</u>
Cash and Cash Equivalents at End of Period	<u>\$ 0.4</u>	<u>\$ 78.2</u>	<u>\$ 5.6</u>	<u>\$ -</u>	<u>\$ 84.2</u>

Condensed Consolidating Statements of Cash Flow for the Nine Months Ended September 30, 2010
(Millions)

	Parent Guarantor	Subsidiary Issuer	Non- guarantor Subsidiaries	Eliminations	Consolidated Boardwalk Pipeline Partners, LP
Net Cash Provided by (Used In)					
Operating Activities	<u>\$ 224.4</u>	<u>\$ (82.0)</u>	<u>\$ 409.2</u>	<u>\$ (196.8)</u>	<u>\$ 354.8</u>
Investing Activities:					
Capital expenditures	-	-	(174.2)	-	(174.2)
Proceeds from sale of operating assets	-	-	16.4	-	16.4
Advances to affiliates, net	<u>79.6</u>	<u>114.7</u>	<u>(131.7)</u>	<u>(62.6)</u>	<u>-</u>
Net Cash Provided by (Used in)					
Investing Activities	<u>79.6</u>	<u>114.7</u>	<u>(289.5)</u>	<u>(62.6)</u>	<u>(157.8)</u>
Financing Activities:					
Proceeds from borrowings on revolving credit agreement	-	150.0	-	-	150.0
Payments on note payable	(0.3)	-	-	-	(0.3)
Payments associated with registration rights agreement	(10.7)	-	-	-	(10.7)
Advances from affiliates, net	3.9	52.1	(114.7)	62.6	3.9
Distributions paid	<u>(296.9)</u>	<u>(196.8)</u>	<u>-</u>	<u>196.8</u>	<u>(296.9)</u>
Net Cash (Used in) Provided by					
Financing Activities	<u>(304.0)</u>	<u>5.3</u>	<u>(114.7)</u>	<u>259.4</u>	<u>(154.0)</u>
Increase in Cash and Cash Equivalents	-	38.0	5.0	-	43.0
Cash and Cash Equivalents at Beginning of Period	<u>-</u>	<u>45.6</u>	<u>0.2</u>	<u>-</u>	<u>45.8</u>
Cash and Cash Equivalents at End of Period	<u><u>\$ -</u></u>	<u><u>\$ 83.6</u></u>	<u><u>\$ 5.2</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 88.8</u></u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our accompanying interim condensed consolidated financial statements and related notes, included elsewhere in this report and prepared in accordance with accounting principles generally accepted in the United States of America and our consolidated financial statements, related notes, Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Overview

Our transportation services consist of firm transportation, where the customer pays a capacity reservation charge to reserve pipeline capacity at certain receipt and delivery points along our pipeline systems, plus a commodity and fuel charge on the volume of natural gas actually transported, and interruptible transportation, where the customer pays to transport gas only when capacity is available and used. We offer firm storage services in which the customer reserves and pays for a specific amount of storage capacity, including injection and withdrawal rights, and interruptible storage and parking and lending (PAL) services where the customer receives and pays for capacity only when it is available and used. Some PAL agreements are paid for at inception of the service and revenues for these agreements are recognized as service is provided over the term of the agreement. Our operating costs and expenses typically do not vary significantly based upon the amount of gas transported, with the exception of fuel consumed at our compressor stations, which is included in *Fuel and gas transportation* expenses on our *Condensed Consolidated Statements of Income*.

Recent Developments

Pending Acquisition

In October 2011, Boardwalk HP Storage Company, LLC (Boardwalk Storage), a joint venture formed by Boardwalk Pipelines and BPHC, entered into a definitive agreement to acquire Petal Gas Storage, L.L.C. (Petal), Hattiesburg Gas Storage Company (Hattiesburg) and related entities from an affiliate of Enterprise Products Partners L.P. for \$550.0 million in cash. Boardwalk Storage expects to fund the acquisition with borrowings under a new \$200.0 million five-year bank loan and equity contributions from Boardwalk Pipelines and BPHC. BPHC will contribute \$280.0 million for an 80% equity ownership interest in Boardwalk Storage and Boardwalk Pipelines will contribute \$70.0 million for a 20% equity ownership interest. The acquisition is expected to close in the fourth quarter 2011 subject to customary closing conditions.

Petal and Hattiesburg operate seven high deliverability salt dome natural gas storage caverns primarily in Forrest County, Mississippi having approximately 29 billion cubic feet (Bcf) of total storage capacity, of which approximately 18.6 Bcf is working gas capacity. Those companies also own and operate a leaching plant, freshwater and brine disposal wells, approximately 69,000 horsepower of compression and approximately 105 miles of pipeline which connect their facilities with several major natural gas pipelines, including ours. The storage capacity is currently fully subscribed under long-term fixed-fee contracts with a weighted-average remaining contract life of approximately seven years. Gulf South will operate these assets on behalf of the joint venture.

Marcellus Gathering System

In October 2011, our subsidiary, Boardwalk Field Services, LLC, and Southwestern Energy Production Company executed a fifteen year definitive gas gathering agreement which will require construction of a natural gas gathering system in Susquehanna and Lackawanna Counties, Pennsylvania. We will own the gas gathering system that will support Southwestern's development of Marcellus Shale gas wells in these counties. The gathering system is expected to cost approximately \$90 million and will be comprised of approximately 26 miles of twelve-inch high pressure gas pipeline, a low pressure in-field gathering pipeline, compression and dehydration and will interconnect with Tennessee Gas Pipeline Company in Susquehanna County, Pennsylvania. The system will be constructed over several years and is expected to have a delivery capacity of approximately 0.3 Bcf/day when fully constructed.

Market Conditions and Contract Renewals

The majority of our revenues are derived from capacity reservation charges that are not impacted by the volume of natural gas transported, however a smaller portion of our revenues are derived from charges based on actual volumes transported under firm and interruptible services. For example, for the last twelve months ended September 30, 2011, approximately 19% of our revenues were derived from charges based on actual volumes transported.

As of September 30, 2011, a substantial portion of our operating capacity has been contracted for under firm agreements having a weighted-average remaining life of approximately 6.0 years. However, an important aspect of our business is our ability to market available short-term firm or interruptible transportation capacity and renew existing longer-term transportation contracts. We actively market our available capacity which includes reserved capacity not fully utilized. The revenues we will be able to earn from that available capacity and from renewals of expiring contracts will be influenced by basis spreads and other factors discussed below.

Our ability to market available transportation capacity is impacted by supply and demand for natural gas, competition from other pipelines, natural gas price volatility, the price differential between physical locations on our pipeline systems (basis spreads), economic conditions and other factors. Over the past several years, new sources of natural gas have been identified throughout the U.S. and new pipeline infrastructure has been developed, which has led to changes in pricing dynamics between supply basins, pooling points and market areas and an overall weakening of basis spreads across our pipeline systems.

The narrowing of basis spreads on our pipeline systems has made it more difficult to renew expiring long-term firm transportation contracts at previously contracted rates because, as basis spreads decrease, the rates customers are willing to pay decrease. In addition, as rates decline customers typically seek longer-term agreements while we generally seek shorter terms. However, changing basis spreads do not have as significant or immediate an impact on long-term firm agreements as they do on short-term or interruptible services because long-term agreements are also influenced by other factors, such as baseload supply needs, certainty of delivery, predictability of long-term costs, the ability to manage those costs through the capacity release mechanism and the terms of service.

Our ability to market available storage capacity and PAL is impacted by many of the factors indicated above, as well as natural gas price differentials between time periods, such as winter to summer (time period price spreads). These time period price spreads have declined over the 2010 to 2011 periods and have resulted in a significant reduction in our PAL and interruptible storage revenues in 2011 as compared to 2010.

Pipeline System Maintenance

We incur substantial costs for ongoing maintenance of our pipeline systems and related facilities, some of which reflect increased regulatory requirements applicable to all interstate pipelines. These costs include those incurred for pipeline integrity management activities, equipment overhauls, general upkeep and repairs. Maintenance costs may be capitalized or expensed, depending on the nature of the activities. For any given reporting period the mix of projects that we undertake will affect the amounts we record as property, plant and equipment on our balance sheet or expense in our earnings.

In 2011, we expect to incur costs of approximately \$250.0 million to maintain our pipeline systems, of which approximately \$82.0 million is expected to be recorded as maintenance capital, excluding expenditures related to the Carthage Compressor Station incident discussed below. In 2010, these costs were approximately \$212.6 million, approximately \$63.0 million of which was recorded as maintenance capital. The increase of \$37.4 million is primarily related to pipeline integrity management, reliability and general pipeline maintenance and repairs which are necessary to comply with regulatory requirements. The increased costs for pipeline system maintenance are expected to continue in 2012.

Carthage Compressor Station Incident

In the first quarter 2011, a fire occurred at one of our compressor stations near Carthage, Texas, which caused significant damage to the compressor building, the compressor units and related equipment housed in the building. The incident did not affect our ability to meet our contractual obligations under firm transportation agreements, because we were able to utilize other system assets to meet our obligations. The repairs to the building and the replacement of the equipment damaged by the fire were completed in the third quarter 2011 at a total cost of approximately \$18.0 million. We have insurance which will cover the costs incurred to restore the damaged equipment and facilities, subject to a \$5.0 million deductible. In 2011, we recognized expenses of \$5.0 million related to the incident which represents the amount of the insurance deductible.

Materials and Supplies Impairment

We hold materials and supplies comprised of pipe, valves, fittings and other materials to support our ongoing operations and for potential future growth projects. In 2011, we determined that a portion of our materials and supplies would not be used given the types of projects we would likely pursue under our new growth strategy and the costs to carry and maintain the materials. As a result, we recognized an impairment charge of \$28.6 million to adjust the carrying amount of those materials and supplies to an estimated fair value of \$6.4 million. At September 30, 2011, we held approximately \$26.2 million of materials and supplies which was included in *Other Assets* on the *Condensed Consolidated Balance Sheets*.

Results of Operations for the Three Months Ended September 30, 2011 and 2010

Our net income for the three months ended September 30, 2011, decreased \$8.6 million, or 15%, to \$47.2 million compared to \$55.8 million for the three months ended September 30, 2010. The decrease in net income was a result of decreased PAL and storage revenues, increased operation and maintenance expenses and a loss on the early extinguishment of debt, all as discussed below. These unfavorable impacts to net income were partially offset by higher gas transportation revenues from increased capacities.

Operating revenues for the three months ended September 30, 2011, increased \$11.3 million, or 4%, to \$268.9 million, compared to \$257.6 million for the three months ended September 30, 2010. Gas transportation revenues, excluding fuel, increased \$18.6 million primarily from increased capacities resulting from the completion of several compression projects in 2010 and operating our Fayetteville Lateral at its design capacity. PAL and storage revenues decreased \$4.4 million due to decreased parking opportunities from unfavorable natural gas price spreads between time periods and fuel retained decreased \$2.9 million primarily due to lower natural gas prices.

Operating costs and expenses for the three months ended September 30, 2011, increased \$12.0 million, or 7%, to \$176.5 million, compared to \$164.5 million for the three months ended September 30, 2010. The primary drivers of the increase were increased operation and maintenance expenses of \$9.1 million due to maintenance projects mainly for pipeline integrity management and reliability spending and lower gains of \$6.0 million from the sale of storage gas. The 2010 period was impacted by a \$3.3 million impairment charge related to surplus pipe.

Total other deductions increased by \$8.0 million, or 22%, to \$45.1 million, for the three months ended September 30, 2011, compared to \$37.1 million for the 2010 period, driven by a \$5.8 million loss on the early extinguishment of debt and higher interest expense of \$2.3 million resulting from higher average interest rates on our long-term debt and lower capitalized interest.

Results of Operations for the Nine Months Ended September 30, 2011 and 2010

Our net income for the nine months ended September 30, 2011, decreased \$55.1 million, or 27%, to \$145.4 million compared to \$200.5 million for the nine months ended September 30, 2010. The decrease in net income was a result of the factors described above for the three month period, as well as charges related to our materials and supplies and the Carthage Compressor Station incident. These unfavorable impacts to net income were partially offset by higher gas transportation revenues from increased capacities.

Operating revenues for the nine months ended September 30, 2011, increased \$27.1 million, or 3%, to \$841.9 million, compared to \$814.8 million for the nine months ended September 30, 2010. Gas transportation revenues, excluding fuel, increased \$57.1 million primarily from increased capacities resulting from the completion of several compression projects in 2010 and operating our Fayetteville Lateral at its design capacity. PAL and storage revenues decreased \$19.3 million due to decreased parking opportunities from unfavorable natural gas price spreads between time periods and fuel retained decreased \$10.7 million primarily due to lower natural gas prices.

Operating costs and expenses for the nine months ended September 30, 2011, increased \$62.1 million, or 12%, to \$564.4 million, compared to \$502.3 million for the nine months ended September 30, 2010. In 2011, we recognized an impairment charge of \$28.6 million related to materials and supplies. Operation and maintenance expenses increased by \$21.8 million primarily due to maintenance projects for pipeline integrity management and reliability spending and lower amounts of labor capitalized from fewer growth projects. Other drivers for the increased operating expenses were higher depreciation and property taxes of \$8.7 million associated with an increase in our asset base, a charge of \$5.0 million related to the Carthage Compression incident, which impacted *Loss on Disposal of Operating Assets* and *Operation and Maintenance* expenses and \$3.7 million of gas losses associated with our Bistineau storage facility. These increases were partially offset by lower fuel consumed of \$6.1 million primarily due to lower natural gas prices. The 2010 period was impacted by impairment charges of \$5.5 million related to the Overton Lateral and surplus pipe, both of which were subsequently sold.

Total other deductions increased by \$20.2 million, or 18%, to \$131.8 million for the nine months ended September 30, 2011, compared to \$111.6 million for the 2010 period, driven by a \$13.2 million loss on the early extinguishment of debt and higher interest expense of \$7.3 million resulting from higher average interest rates on our long-term debt, lower capitalized interest and higher debt levels.

Liquidity and Capital Resources

We are a partnership holding company and derive all of our operating cash flow from our operating subsidiaries. Our principal sources of liquidity include cash generated from operating activities, our revolving credit facility, debt issuances and sales of limited partner units. Our operating subsidiaries use cash from their respective operations to fund their operating activities and maintenance capital requirements, service their indebtedness and make advances or distributions to Boardwalk Pipelines. Boardwalk Pipelines uses cash provided from the operating subsidiaries and, as needed, borrowings under our revolving credit facility to service outstanding indebtedness and make distributions or advances to us to fund our distributions to unitholders. We have no material guarantees of debt or other similar commitments to unaffiliated parties.

Capital Expenditures

Maintenance capital expenditures for the nine months ended September 30, 2011 and 2010 were \$60.6 million and \$26.4 million. Growth capital expenditures, including trailing costs associated with our recently completed pipeline expansion projects, were \$56.3 million and \$145.0 million for the nine months ended September 30, 2011 and 2010. Excluding capital expenditures related to the Carthage Compressor Station incident for which insurance proceeds are expected to be received, we expect our 2011 growth and maintenance capital expenditures to be approximately \$160.0 million, \$82.0 million of which is for system maintenance primarily related to pipeline integrity management and reliability spending.

Equity and Debt Financing

In January 2011, we received net proceeds of approximately \$322.0 million after deducting initial purchaser discounts and offering expenses of \$3.0 million from the sale of \$325.0 million of 4.50% senior unsecured notes of Texas Gas due February 1, 2021 (2021 Notes). In June 2011, we issued an additional \$115.0 million of the 2021 Notes. The additional issuance was priced at a premium resulting in net proceeds of \$115.6 million after deducting underwriter discounts and offering expenses of \$1.0 million. We used the proceeds from both offerings to repay borrowings under our revolving credit facility and redeem Texas Gas' 5.50% notes due April 1, 2013 (2013 Notes) for which we paid premiums of \$21.0 million. Note 7 in Item 1 of this report contains more information about the 2021 Notes and redemption of the 2013 Notes.

In June 2011, we completed a public offering of 6.0 million of our common units at a price of \$29.33 per unit. We received net cash proceeds of approximately \$173.6 million after deducting underwriting discounts and offering expenses of \$6.0 million and including a \$3.6 million contribution received from our general partner to maintain its 2% general partner interest.

Our ability to access the capital markets for debt and equity financing under reasonable terms depends on our financial condition, credit ratings and market conditions. We anticipate that our existing capital resources, including our revolving credit facility, and cash flow generated from future operations will be adequate to fund our operations, including our capital expenditures. From time to time, we expect to issue and sell debt and/or equity securities and to incur other indebtedness for general corporate purposes, including to refinance outstanding debt, including our revolving credit facility, and for potential acquisitions and growth opportunities.

Revolving Credit Facility

As of September 30, 2011, we had \$458.5 million of loans outstanding under our revolving credit facility with a weighted-average interest rate of 0.48% and no letters of credit issued thereunder. At September 30, 2011, we had available borrowing capacity of \$491.5 million and were in compliance with all covenant requirements under our credit facility.

Distributions

For the nine months ended September 30, 2011 and 2010, we paid distributions of \$312.1 million and \$296.9 million to our partners. Note 6 in Part I, Item 1 of this report contains further discussion regarding our distributions.

Changes in cash flow from operating activities

Net cash provided by operating activities decreased \$9.3 million to \$345.5 million for the nine months ended September 30, 2011, compared to \$354.8 million for the comparable 2010 period, primarily due to a decrease in net income, excluding the non-cash materials and supplies impairment charge.

Changes in cash flow from investing activities

Net cash used in investing activities decreased \$58.4 million to \$99.4 million for the nine months ended September 30, 2011, compared to \$157.8 million for the comparable 2010 period. The decrease was driven by a \$57.3 million decrease in capital expenditures primarily related to the completion of compression projects in 2010.

Changes in cash flow from financing activities

Net cash used in financing activities increased \$62.9 million to a use of cash of \$216.9 million for the nine months ended September 30, 2011, compared to \$154.0 million for the comparable 2010 period. The increase in cash used in financing activities resulted from net repayments of \$207.4 million of long-term debt, including net repayments under our revolving credit facility, a \$21.0 million premium paid on the early extinguishment of long-term debt and a \$15.2 million increase in distributions to our partners. The increase in the use of cash was partly

offset by a \$173.6 million increase in proceeds from the issuance and sale of equity, including related general partner contributions, and \$10.7 million of payments made under our registration rights agreement in 2010.

Contractual Obligations

The following table summarizes significant contractual cash payment obligations under firm commitments as of September 30, 2011, by period (in millions):

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Principal payments on long-term debt (1)	\$ 3,208.5	\$ 683.5	\$ 100.0	\$ 525.0	\$ 1,900.0
Interest on long-term debt (2)	928.1	151.7	265.4	229.1	281.9
Capital commitments (3)	31.1	31.1	-	-	-
Total	<u>\$ 4,167.7</u>	<u>\$ 866.3</u>	<u>\$ 365.4</u>	<u>\$ 754.1</u>	<u>\$ 2,181.9</u>

- (1) Includes our senior unsecured notes, having maturity dates from 2012 to 2027, \$458.5 million of loans outstanding under our revolving credit facility, having a maturity date of June 29, 2012, and our Subordinated Loans which mature initially on December 29, 2012. Amounts outstanding under the revolving credit facility and Subordinated Loans are extendable by us for an additional year. We have reflected the \$225.0 million of Gulf South notes due August 2012 (Gulf South 2012 Notes) as due in less than one year. The Gulf South 2012 Notes are included in long-term debt on our balance sheet because we expect to refinance these notes on a long-term basis and we have sufficient available capacity under our revolving credit facility to extend the amount that would otherwise come due in less than one year.
- (2) Interest obligations represent interest due on our senior unsecured notes at fixed rates. Future interest obligations under our revolving credit facility are uncertain, due to the variable interest rate and fluctuating balances. Based on a 0.48% weighted-average interest rate on amounts outstanding under our revolving credit facility as of September 30, 2011, \$1.6 million would be due under the credit facility in less than one year.
- (3) Capital commitments represent binding commitments under purchase orders for materials ordered but not received and firm commitments under binding construction service agreements existing at September 30, 2011.

Subsequent to September 30, 2011, we entered into a joint venture with BPHC. We will contribute 20%, or \$70.0 million, of the equity interests in that joint venture. Note 16 in Part I, Item 1 of this report contains further discussion regarding this subsequent event.

Pursuant to the settlement of the Texas Gas rate case in 2006, we are required to annually fund an amount to the Texas Gas pension plan equal to the amount of actuarially determined net periodic pension cost, including a minimum of \$3.0 million. In 2011, we have funded approximately \$9.0 million to the Texas Gas pension plan and do not expect to make further contributions in 2011.

Off-Balance Sheet Arrangements

At September 30, 2011, we had no guarantees of off-balance sheet debt to third parties, no debt obligations that contain provisions requiring accelerated payment of the related obligations in the event of specified levels of declines in credit ratings, and no other off-balance sheet arrangements.

Critical Accounting Policies

Certain amounts included in or affecting our consolidated financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. These estimates and assumptions affect the amounts

we report for assets and liabilities and our disclosure of contingent assets and liabilities in our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with third parties and other methods we consider reasonable. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the periods in which the facts that give rise to the revisions become known.

During 2011, there have been no significant changes to our critical accounting policies, judgments or estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010.

Forward-Looking Statements

Investors are cautioned that certain statements contained in this Report, as well as some statements in periodic press releases and some oral statements made by our officials and our subsidiaries during presentations about us, are “forward-looking.” Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words “expect,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “will likely result,” and similar expressions. In addition, any statement made by our management concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions by our partnership or our subsidiaries, are also forward-looking statements.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond our control that could cause actual results to differ materially from those anticipated or projected. These risks and uncertainties include, among others:

- the impact of new pipelines or new gas supply sources on competition and basis spreads on our pipeline systems;
- our ability to maintain or replace expiring gas transportation and storage contracts and to sell short-term capacity on our pipelines;
- the impact of changes to laws and regulations, such as the proposed greenhouse gas legislation and the re-authorization by Congress of the Pipeline and Hazardous Materials Safety Administration and any regulatory changes that result from that legislation applicable to interstate pipelines, on our business, including our costs, liabilities and revenues;
- the costs of maintaining and ensuring the integrity and reliability of our pipeline systems;
- the timing, cost, scope and financial performance of our recent and future growth projects;
- volatility or disruptions in the capital or financial markets;
- the impact of Federal Energy Regulatory Commission’s rate-making policies and actions on the services we offer and the rates we charge and our ability to recover the full cost of operating our pipelines, including earning a reasonable return;
- operational hazards, litigation and unforeseen interruptions for which we may not have adequate or appropriate insurance coverage;
- the future cost of insuring our assets;
- our ability to access new sources of natural gas and the impact on us of any future decreases in supplies of natural gas in our supply areas;
- the consummation of contemplated transactions and agreements, including the pending acquisition of Petal and Hattiesburg and the anticipated financing of this acquisition;

- the impact on our system throughput and revenues from changes in the supply of and demand for natural gas, including as a result of commodity price changes; and
- the additional risks and uncertainties as described in Part I—Item 1A “—Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2010.

Developments in any of these areas could cause our results to differ materially from results that have been or may be anticipated or projected. Forward-looking statements speak only as of the date of this Report, and we expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is based.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2010, for discussion of our market risk.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our principal executive officer (CEO) and principal financial officer (CFO) undertook an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. The CEO and CFO have concluded that our disclosure controls and procedures were effective as of September 30, 2011.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2011, that have materially affected or that are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors disclosed in Part I—Item 1A “—Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 6. Exhibits

The following documents are filed as exhibits to this report:

Exhibit Number	Description
3.1	Certificate of Limited Partnership of Boardwalk Pipeline Partners, LP (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1, Registration No. 333-127578, filed on August 16, 2005).
3.2	Third Amended and Restated Agreement of Limited Partnership of Boardwalk Pipeline Partners, LP dated as of June 17, 2008, (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 18, 2008).
3.3	Certificate of Limited Partnership of Boardwalk GP, LP (Incorporated by reference to Exhibit 3.3 to the Registrant's Registration Statement on Form S-1, Registration No. 333-127578, filed on August 16, 2005).
3.4	Agreement of Limited Partnership of Boardwalk GP, LP (Incorporated by reference to Exhibit 3.4 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1, Registration No. 333-127578, filed on September 22, 2005).
3.5	Certificate of Formation of Boardwalk GP, LLC (Incorporated by reference to Exhibit 3.5 to the Registrant's Registration Statement on Form S-1, Registration No. 333-127578, filed on August 16, 2005).
3.6	Amended and Restated Limited Liability Company Agreement of Boardwalk GP, LLC (Incorporated by reference to Exhibit 3.6 to Amendment No. 4 to Registrant's Registration Statement on Form S-1, Registration No. 333-127578, filed on October 31, 2005).
*3.7	Amendment No. 1 to the Third Amended and Restated Agreement of Limited Partnership of Boardwalk Pipeline Partners, LP, dated as of October 31, 2011.
4.1	Indenture, dated as of January 19, 2011, by and between Texas Gas Transmission, LLC, a Delaware limited liability company and The Bank of New York Mellon Trust Company, N.A., a national banking association (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on January 19, 2011).
4.2	First Supplemental Indenture dated June 7, 2011, between Texas Gas Transmission, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current report on Form 8-K, filed on June 13, 2011).
4.3	Second Supplemental Indenture dated June 16, 2011, between Texas Gas Transmission, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current report on Form 8-K, filed on June 20, 2011).
10.1	Amendment No. 5 to Amended and Restated Revolving Credit Agreement, dated as of June 3, 2011, among the Registrant, Boardwalk Pipelines, LP, Texas Gas Transmission, LLC and Gulf South Pipeline Company, LP, and the agent and lender parties identified therein.
10.2	Employment agreement between Boardwalk GP, LLC and Stanley C. Horton (incorporated by reference to Exhibit 10.1 to the Registrant's Current report on Form 8-K, filed on May 2, 2011).

- *10.3 Amendment No. 4 to Amended and Restated Revolving Credit Agreement, dated as of August 31, 2010, among the Registrant, Boardwalk Pipelines, LP, Texas Gas Transmission, LLC and Gulf South Pipeline Company, LP, and the agent and lender parties identified therein.
- *10.4 Limited Liability Company Agreement of Boardwalk HP Storage Company, LLC dated as of October 16, 2011.
- *10.5 Letter agreement between Boardwalk Pipelines, LP and Boardwalk Pipelines Holding Corp. dated as of October 16, 2011.
- *31.1 Certification of Stanley C. Horton, Chief Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a).
- *31.2 Certification of Jamie L. Buskill, Chief Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a).
- *32.1 Certification of Stanley C. Horton, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- *32.2 Certification of Jamie L. Buskill, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- *101.INS XBRL Instance Document
- *101.SCH XBRL Taxonomy Extension Schema Document
- *101.CAL XBRL Taxonomy Calculation Linkbase Document
- *101.DEF XBRL Taxonomy Extension Definitions Document
- *101.LAB XBRL Taxonomy Label Linkbase Document
- *101.PRE XBRL Taxonomy Presentation Linkbase Document
- * Filed herewith

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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.

Boardwalk Pipeline Partners, LP

By: Boardwalk GP, LP

its general partner

By: Boardwalk GP, LLC

its general partner

Dated: November 1, 2011

By: /s/ Jamie L. Buskill

Jamie L. Buskill

Senior Vice President, Chief Financial Officer and Treasurer

**AMENDMENT NO. 1 TO THE THIRD AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF
BOARDWALK PIPELINE PARTNERS, L.P.**

This Amendment No. 1 (this “*Amendment No. 1*”) to the Third Amended and Restated Agreement of Limited Partnership of Boardwalk Pipeline Partners, L.P. (the “*Partnership*”), dated as of June 17, 2008 (the “*Partnership Agreement*”), is hereby adopted effective as of October 31, 2011 (the “*Amendment Effective Date*”), by Boardwalk GP, LP, a Delaware limited partnership (the “*General Partner*”), as general partner of the Partnership. Capitalized terms used but not defined herein have the meaning given such terms in the Partnership Agreement.

WHEREAS, Section 13.1(d)(i) of the Partnership Agreement provides that the General Partner, without the approval of any Partner or Assignee, may amend any provision of the Partnership Agreement to reflect and account for the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Partnership of activities; and

WHEREAS, acting pursuant to the power and authority granted to it under Section 13.1(d)(i) of the Partnership Agreement, the General Partner has determined that the following amendment to the Partnership Agreement does not adversely affect the Unitholders in any material respect.

NOW THEREFORE, the General Partner does hereby amend the Partnership Agreement as follows:

Section 1. Section 7.6(b) is hereby amended and restated as follows:

“(b) The Partnership may lend or contribute to any Group Member, and any Group Member may borrow from the Partnership, funds on terms and conditions determined by the General Partner. No Group Member may lend funds to the General Partner or any of its Affiliates (other than another Group Member); provided, that any Group Member may lend or contribute funds to any entity in which a Group Member has an interest (even if such entity is an Affiliate of the General Partner and not a Group Member), provided that the terms and conditions of any such lending arrangement are representative of an arm’s length transaction.”

Section 2. Except as hereby amended, the Partnership Agreement shall remain in full force and effect.

Section 3. This Amendment shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, all rights and remedies being governed by such laws without regard to principles of conflicts of laws.

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

GENERAL PARTNER:

BOARDWALK GP, LP

By: BOARDWALK GP, LLC
its general partner

By: /s/Jamie L. Buskill
Name: Jamie L. Buskill
Title: Senior Vice President, Chief Financial
Officer and Treasurer

AMENDMENT NO. 4

AMENDMENT NO. 4, dated as of August 31, 2010 (this "*Amendment*"), by and among BOARDWALK PIPELINES, LP, a Delaware limited partnership (the "*Parent Borrower*"), TEXAS GAS TRANSMISSION, LLC, a Delaware limited liability company ("*Texas Gas*"), and GULF SOUTH PIPELINE COMPANY, LP, a Delaware limited partnership ("*Gulf South*" and, together with the Parent Borrower and Texas Gas, the "*Borrowers*"), severally as Borrowers, BOARDWALK PIPELINE PARTNERS, LP, a Delaware limited partnership (the "*MLP*"), the Lenders party hereto, and WELLS FARGO BANK, N.A. (as successor to Wachovia Bank, National Association), as administrative agent for the Lenders and the Issuers (in such capacity, the "*Administrative Agent*").

WITNESSETH:

WHEREAS, the Borrowers, the MLP, the Administrative Agent, the Lenders and the other parties thereto have entered into that certain Amended and Restated Revolving Credit Agreement, dated as of June 29, 2006 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"); and

WHEREAS, the Borrowers have requested and the Lenders have agreed, subject to the terms and conditions hereinafter set forth, to amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments and Consent. On the Effective Date, and notwithstanding anything to the contrary contained in the Credit Agreement or the other Loan Documents (including, without limitation, Section 2.5 of the Credit Agreement), (i) the aggregate Revolving Credit Commitments of Lehman Commercial Paper, Inc. ("*Lehman*") shall be permanently and irrevocably reduced to zero (\$0.00), (ii) after giving effect to such termination, the aggregate Revolving Credit Commitments shall be \$950,000,000, and (iii) the Revolving Credit Sublimits of each of the Parent Borrower, Texas Gas, and Gulf South shall be reduced to \$522,500,000, \$190,000,000 and \$237,500,000, respectively. Concurrently with any subsequent payment of any Facility Fee to the Lenders pursuant to Section 2.11(a) of the Credit Agreement or any Letter of Credit fee to the Lenders pursuant to Section 2.11(c)(ii) of the Credit Agreement, in each case, with respect to any period before the Effective Date, the Borrower shall pay to Lehman its ratable share (based on its Revolving Credit Commitment immediately prior to the Effective Date) of such Facility Fee or Letter of Credit fee, as applicable. From and after the Effective Date, (i) Lehman shall have no further obligation to fund any amount or extend any credit under the Loan Documents and (ii) except as specified in the prior sentence, Lehman shall, for all purposes, be deemed to no longer be a Lender or a party to, or beneficiary of, the Credit Agreement or Loan Documents.

3. Conditions to Effectiveness of this Amendment. This Amendment shall become effective as of the date (the "*Effective Date*") the Administrative Agent shall have received counterparts of this Amendment duly executed and delivered by each of the Borrowers, the MLP, the Administrative Agent, Lehman and the Required Lenders under the Credit Agreement.

4. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders, on and as of the date hereof, that:

Exhibit 10.3

(a) (i) Such Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Amendment, (ii) this Amendment has been duly executed and delivered by such Loan Party and (iii) this Amendment is the legal, valid and binding obligation of such Loan Party, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) After giving effect to this Amendment, each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents (other than the representations and warranties set forth in Sections 3.2 and 3.6 of the Credit Agreement) is true and correct in all material respects on and as of the date hereof, as if made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date.

(c) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing as of the date hereof.

5. Reaffirmation.

(a) Each Loan Party hereby consents to the execution, delivery and performance of this Amendment and agrees that each reference to the Credit Agreement in the Loan Documents shall, on and after the Effective Date, be deemed to be a reference to the Credit Agreement as amended by this Amendment.

(b) Each Loan Party hereby acknowledges and agrees that, after giving effect to this Amendment, all of its respective obligations and liabilities under the Loan Documents to which it is a party are reaffirmed, and remain in full force and effect.

6. Continuing Effect. Except as expressly set forth in this Amendment, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect and the Borrower shall continue to be bound by all of such terms and provisions. The Amendment provided for herein is limited to the specific provisions of the Credit Agreement specified herein and shall not constitute an amendment of, or an indication of the Administrative Agent's or the Lenders' willingness to amend or waive, any other provisions of the Credit Agreement or the same sections for any other date or purpose.

7. Expenses. The Borrowers agree to pay and reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Amendment, and other documents prepared in connection herewith, and the transactions contemplated hereby, including, without limitation, reasonable fees and disbursements and other charges of counsel to the Administrative Agent and the charges of SyndTrak Online relating to the Amendment.

8. Choice of Law. This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with the law of the State of New York.

9. Counterparts. This Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

Exhibit 10.3

Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail shall be effective as delivery of a manually executed counterpart of this Amendment.

10. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

11. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

12. Loan Document. This Amendment is a Loan Document.

13. Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AMENDMENT AND ANY OTHER LOAN DOCUMENT.

[SIGNATURE PAGES FOLLOW]

Exhibit 10.3

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

BOARDWALK PIPELINES, LP,
as Borrower

By: BOARDWALK OPERATING GP, LLC,
its general partner

By: BOARDWALK PIPELINE PARTNERS, LP,
its managing member

By: BOARDWALK GP, LP,
its general partner

By: BOARDWALK GP, LLC,
its general partner

By: /s/ Jamie L. Buskill
Name: Jamie L. Buskill
Title: Senior Vice President, Chief Financial
Officer and Treasurer

TEXAS GAS TRANSMISSION, LLC,
as Borrower

By: /s/ Jamie L. Buskill
Name: Jamie L. Buskill
Title: Senior Vice President, Chief Financial
Officer and Treasurer

GULF SOUTH PIPELINE COMPANY, LP,
as Borrower

By: GS PIPELINE COMPANY, LLC,
its general partner

By: /s/ Jamie L. Buskill
Name: Jamie L. Buskill
Title: Senior Vice President, Chief Financial
Officer and Treasurer

BOARDWALK PIPELINE PARTNERS, LP

By: BOARDWALK GP, LP,
its general partner

By: BOARDWALK GP, LLC,
its general partner

Exhibit 10.3

By: /s/ Jamie L. Buskill

Name: Jamie L. Buskill

Title: Senior Vice President, Chief Financial
Officer and Treasurer

Exhibit 10.3

WELLS FARGO BANK, N.A.,
as Administrative Agent and Lender

By: /s/: Christina Faith
Name: Christina Faith
Title: Director

Exhibit 10.3

CITIBANK, N.A.,
as a Lender

By: /s/ John Miller
Name: John Miller
Title: Attorney-in-fact

Exhibit 10.3

JPMorgan Chase Bank, N.A.,
as a Lender

By: /s/ Preeti Bhatnagar
Name: Preeti Bhatnagar
Title: Associate

DNB NOR BANK ASA

as a Lender

By: /s/ Kristin Ruse

Name: Kristin Ruse

Title: First Vice President

By: /s/ Sanjiv Nayar

Name: Sanjiv Nayar

Title: Senior Vice President

Exhibit 10.3

UNION BANK, N.A.
as a Lender

By: /s/ Hideyuki Okamoto
Name: Hideyuki Okamoto
Title: Vice President

Exhibit 10.3

Royal Bank of Canada
as a Lender

By: /s/ Jim Allred
Name: Jim Allred
Title: Authorized Signatory

Exhibit 10.3

Mizuho Corporate Bank, Ltd.
as a Lender

By: /s/ Raymond Ventura
Name: Raymond Ventura
Title: Deputy General Manager

Exhibit 10.3

UBS AF, Stamford Branch,
as a Lender

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

By: /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director

Exhibit 10.3

BANK OF AMERICA, N.A., (successor by merger to
Merrill Lynch Bank USA)
as a Lender

By: /s/ Christen A. Lacey
Name: Christen A. Lacey
Title: Senior Vice President

Exhibit 10.3

MORGAN STANLEY BANK, N.A.,
as a Lender

By: /s/ Ryan Vetsch
Name: Ryan Vetsch
Title: Authorized Signatory

Credit Suisse AG, Cayman Islands Branch (fka, Credit Suisse, Cayman Islands Branch,
as a Lender

By: /s/ Bill O'Daly
Name: Bill O'Daly
Title: Director

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Associate

Exhibit 10.3

William Street Commitment Corporation,
as a Lender

By: /s/ John Makrinos
Name: John Makrinos
Title: Authorized Signatory

DEUTSCHE BANK AG NEW YORK BRANCH,
as a Lender

By: /s/ Wolfgang Winter
Name: Wolfgang Winter
Title: Managing Director

By: /s/ Stefan Freckmann
Name: Stefan Freckmann
Title: Vice President

BANK HAPDALIM B.H.,
as a Lender

By: /s/ Helen H. Gateson
Name: Helen H. Gateson
Title: Vice President

By: /s/ Frederic S. Becker
Name: Frederic S. Becker
Title: Senior Vice President

LEHMAN COMMERCIAL PAPER, INC.,
as a Lender

By: /s/ Maria M. Lund
Name: Maria M. Lund
Title: Authorized Signatory

LIMITED LIABILITY COMPANY AGREEMENT
OF
BOARDWALK HP STORAGE COMPANY, LLC

DATED EFFECTIVE AS OF OCTOBER 16, 2011

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EXHIBIT A	Members
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THE MEMBERSHIP INTERESTS REPRESENTED HEREBY (OR BY CERTIFICATES IF ANY ARE ISSUED) HAVE BEEN ACQUIRED FOR INVESTMENT AND WERE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE INTERESTS MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED AT ANY TIME EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS CONTAINED IN THIS AGREEMENT AND PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAW OR IN THE EVENT THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO IT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER ANY APPLICABLE LAWS.

LIMITED LIABILITY COMPANY AGREEMENT
OF
BOARDWALK HP STORAGE COMPANY, LLC

This Limited Liability Company Agreement of Boardwalk HP Storage Company, LLC, a Delaware limited liability company (the “*Company*”), is entered into and effective as of October 16, 2011 (the “*Effective Date*”), by and between Boardwalk Pipelines, LP, a Delaware limited partnership (“*Boardwalk*”), and Boardwalk Pipelines Holding Corp., a Delaware corporation (“*BPHC*”); and Boardwalk and BPHC referred to individually as a “*Member*” and collectively as the “*Members*”.

W I T N E S S E T H:

WHEREAS, in accordance with and pursuant to the Act (as defined below), the Company was formed as a Delaware limited liability company upon the filing of the Certificate of Formation of Boardwalk HP Storage Company, LLC (the “*Certificate of Formation*”) with the office of the Secretary of State of the State of Delaware (the “*Delaware SOS*”) on October 5, 2011 (the “*Formation Date*”);

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I.
DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Defined Terms. The following terms, when used in this Agreement, shall have the meanings set forth below unless the context requires otherwise.

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“*Act*” means the Delaware Limited Liability Company Act, Chapter 18, Title 6 of the Delaware Code, as it may be amended from time to time, and the corresponding provisions of any successor statute.

“*Additional Capital Contribution*” means, with respect to any Member, any Capital Contribution made by such Member from time to time in accordance with the terms of Article V (other than such Member’s Initial Capital Contribution).

“*Adjusted Capital Account*” means, with respect to any Member, the balance in the Capital Account maintained for such Member as of the end of each taxable year of the Company (i) increased by any amounts which such Member is obligated to restore under the standards set by Regulations § 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Regulations §§ 1.704-2(g)(1) and 1.704-2(i)(5)) and (ii) decreased by (a) the amount of all losses and deductions that, as of the end of such taxable year, are reasonably expected to be allocated to such Member in subsequent years under Code Sections 704(e)(2) and 706(d) and Regulations § 1.751-1(b)(2)(ii), and (b) the amount of all distributions that, as of the end of such taxable year, are reasonably expected to be made to such Member in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Member’s Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made. The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“*Adjusted Property*” means any property or asset, the Agreed Value of which has been adjusted pursuant to the definition of “Agreed Value.”

“*Affiliate*” means, when used with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such specified Person.

“*Agreed Value*” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(i) The initial Agreed Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset on the date of the contribution, as determined by the contributing Member and the Company.

(ii) The Agreed Values of all Company assets immediately prior to the occurrence of any event described in subparagraphs (a) through (e) below shall be adjusted to equal their respective gross Fair Market Values, as determined by the Company, as of the following times:

(a) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution, if the Company reasonably determines that such adjustment is necessary or appropriate to reflect the relative Interests of the Members in the Company;

(b) the distribution by the Company to a Member of more than a de minimis amount of Company assets as consideration for an Interest in the Company, if the Company

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reasonably determines that such adjustment is necessary or appropriate to reflect the relative Interests of the Members in the Company;

(c) the liquidation or dissolution of the Company within the meaning of Regulations § 1.704-1(b)(2)(ii)(g);

(d) the grant of an Interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a Member capacity, or by a new Member acting in a Member capacity or in anticipation of becoming a Member of the Company, if the Company reasonably determines that such adjustment is necessary or appropriate to reflect the relative Interests of the Members in the Company; and

(e) at such other times as the Company shall reasonably determine necessary or advisable in order to comply with Regulations §§ 1.704-1(b) and 1.704-2.

(iii) The Agreed Value of any Company asset distributed to any Member shall be the gross Fair Market Value of such Company asset on the date of distribution as determined by the distributee Member and the Company.

(iv) The Agreed Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Company assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations § 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of “Profit” and “Loss;” provided, however, that Agreed Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Company determines that an adjustment pursuant to subparagraph (ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

(v) If the Agreed Value of a Company asset has been determined or adjusted pursuant to subparagraph (i), (ii) or (iv) hereof, such Agreed Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company asset for purposes of computing Profit and Loss.

“*Agreement*” means this Limited Liability Company Agreement, as originally executed and as amended from time to time.

“*Available Cash*” means, with respect to any month ending prior to the dissolution or liquidation of the Company, that portion, if any, of the Company’s unrestricted cash and cash equivalents that the Board determines exceeds the Company’s current and anticipated needs, including reserves for working capital, capital expenditures, repair and maintenance expenditures, operating expenditures, debt service, expenditures for compliance with Law, any Permit or any agreement or obligation to which the Company is a party or its assets are subject, and for other obligations and contingencies; provided that, “*Available Cash*” shall be zero with respect to any month in which dissolution or liquidation occurs and any subsequent month.

“*Board*” has the meaning ascribed to it in Section 7.1(b).

“*Boardwalk*” has the meaning specified in the preamble.

“*Book-Tax Disparity*” means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Agreed Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Member’s share of the Company’s Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Member’s Capital Account balance as maintained pursuant to the definition of “Capital Account” herein and the hypothetical balance of such Member’s Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles. The determination of Book-Tax Disparity and a Member’s share thereof will be determined consistently with Regulations § 1.704-3(d).

“*BPHC*” has the meaning specified in the preamble.

“*Business Day*” means any day other than a Saturday, Sunday or other day on which federally chartered banks in New York, New York, generally are open for business and on any such day the period of time between 8:00 a.m. and 4:00 p.m. in Houston, Texas.

“*Capital Account*” means the capital account maintained for each Member on the Company’s books and records in accordance with the following provisions:

(a) to each Member’s Capital Account there shall be added (i) such Member’s Capital Contributions, (ii) such Member’s allocable share of Profit and any items in the nature of income or gain that are specially allocated to such Member pursuant to Article VI hereof or other provisions of this Agreement, and (iii) the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) From each Member’s Capital Account there shall be subtracted (i) the amount of (A) cash and (B) the Agreed Value of any Company assets (other than cash) distributed to such Member pursuant to any provision of this Agreement, (ii) such Member’s allocable share of Loss and any other items in the nature of expenses or losses that are specially allocated to such Member pursuant to Article VI hereof or other provisions of this Agreement, and (iii) liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

(d) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(e) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations §§ 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations. In the event that the Company shall determine that it is prudent to modify the

manner in which the Capital Accounts, or any additions thereto or subtractions therefrom, are computed in order to comply with such Regulations, the Company may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article VI hereof upon the dissolution of the Company.

“*Capital Call*” has the meaning set forth in Section 5.3.

“*Capital Contribution*” means, with respect to any Member, the total amount of cash and the initial Agreed Value of property (other than cash) contributed to the capital of the Company by such Member, whether as an Initial Capital Contribution or as an Additional Capital Contribution.

“*Certificate of Formation*” means the certificate of formation of the Company filed with the Delaware SOS as required by the Act, as such certificate may be amended or amended and restated from time to time.

“*Charter Documents*” means the Certificate of Formation and this Agreement.

“*Claim*” means any demand, demand letter, claim, action, notice of noncompliance or violation, or other proceeding.

“*Code*” means the United States Internal Revenue Code of 1986, as amended (or any corresponding provisions of a successor statute).

“*Company*” has the meaning specified in the preamble.

“*Company Minimum Gain*” has the meaning set forth in Regulations §§ 1.704-2(b)(2) and 1.704-2(d)(1) for the phrase “partnership minimum gain.”

“*Consequential Damages*” means all exemplary, punitive, special, indirect, consequential, remote or speculative damages, including loss of profit, loss of revenue or any other special or incidental damages, whether in contract, tort (including negligence), strict liability or otherwise, whether or not the Person at fault knew or should have known that such damage would likely be suffered.

“*Contributed Property*” means each property or asset, but excluding cash or cash equivalents, contributed to the Company by a Member. Once the Agreed Value of a Contributed Property is adjusted pursuant to the definition of “Agreed Value”, such property or asset will no longer constitute a Contributed Property for purposes of Section 6.3(b), but will be deemed an Adjusted Property for such purposes.

“*Control*” (and “*Controls*,” “*Controlled by*” and other derivatives thereof), means, with respect to a specified Person, the possession, directly or indirectly, of the power, directly or indirectly, to direct or cause the direction of the management or policies of such specified Person, whether through ownership of voting securities, by contract or otherwise.

“*Delaware SOS*” has the meaning specified in the recitals of this Agreement.

“Depreciation” means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such fiscal year or other period, except that (i) if the Agreed Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such fiscal year or other period and such difference is being eliminated by use of the “remedial allocation method” as defined in Regulations § 1.704-3(d), Depreciation for such period shall be the amount of the book basis recovered for such period under the rules prescribed in Regulations § 1.704-3(d) and (ii) with respect to any other asset whose Agreed Value differs from its adjusted basis for federal income tax purposes at the beginning of such fiscal year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Agreed Value as the federal income tax depreciation, amortization or other cost recovery deduction for such fiscal year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Agreed Value using any reasonable method selected by the Board.

“Effective Date” has the meaning specified in the preamble.

“Emergency Loan” has the meaning set forth in Section 5.8.

“Equity Percentage Interest” means the interest of a Member in the equity of the Company, stated as a percentage and, for all Members, aggregating 100%. The initial Equity Percentage Interest of each Member is set forth on Exhibit A and is subject to adjustment or revision from time to time in accordance with the terms of this Agreement.

“Fair Market Value” means the value of any specified interest or property, which shall not in any event be less than zero, that would be obtained in an arm’s length transaction for cash between an informed and willing buyer and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, and without regard to the particular circumstances of the buyer or seller.

“Formation Date” has the meaning given that term in the recitals of this Agreement.

“GAAP” means United States generally accepted accounting principles.

“Governmental Authority” means any domestic or foreign, national, state, parish, county, local or tribal government, or any subdivision, agency, branch, bureau, board, commission, legislature, court, tribunal, arbitrator, official or other instrumentality or authority thereof, or any governmental, quasi-governmental or non-governmental body exercising or entitled to exercise any similar powers of authority thereunder including regulatory, administrative, executive, judicial, legislative, police or taxing authority.

“Indemnitee” has the meaning specified in Section 7.13.

“Initial Capital Contribution” means a Member’s aggregate Capital Contributions as described in Section 5.1 and set forth on Exhibit A attached hereto as of the Effective Date.

“Interest” has the same meaning as Membership Interest.

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“*IRS*” means the United States Internal Revenue Service or any successor agency succeeding to substantially all of the authority of the United States Internal Revenue Service.

“*Law*” means any statute, law (including common law), rule, ordinance, regulation, ruling, requirement, writ, injunction, decree, order or other official act of or by any Governmental Authority or any arbitral tribunal to which a Person or property is subject, whether such Laws now exist or hereafter come into effect.

“*Liquidating Events*” has the meaning set forth in Section 10.1.

“*Liquidating Trustee*” means the liquidating trustee specified in accordance with Section 10.2(a).

“*Loss*” has the meaning set forth in the definition of Profit and Loss.

“*Majority*” means one or more Members holding, in the aggregate, more than 50% of the Equity Percentage Interests of all Members.

“*Majority Approval*”, when used with respect to the Board, means approval by one or more Managers entitled to vote, consent to and approve matters and appointed to the Board by Members holding, in the aggregate, more than fifty percent (50%) of the Equity Percentage Interests; and, when used with respect to the Members, means approval by Members entitled to vote, consent to and approve matters holding, in the aggregate, more than fifty percent (50%) of the Equity Percentage Interests.

“*Manager*” means any individual appointed to the Board as provided in Section 7.1(b), but only for so long as such Person remains a member of the Board in accordance with this Agreement.

“*Member*” means any Person that is a party to this Agreement by virtue of ownership of Membership Interests, and any other Person that hereafter becomes a Member in accordance with Article IX, but only for so long as each such Person remains a member of the Company in accordance with this Agreement and the Act, and does not include an assignee which is not admitted as a Substitute Member in accordance with Article IX.

“*Member Minimum Gain*” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations § 1.704-2(i).

“*Member Nonrecourse Debt*” has the meaning set forth in Regulations § 1.704-2(b)(4) for the phrase “partner nonrecourse debt.”

“*Member Nonrecourse Deductions*” has the meaning set forth in Regulations § 1.704-2(i) for the phrase “partner nonrecourse deductions.”

“*Membership Interest*” or “*Interest*” means all of the ownership interests and rights of a Member in the Company, including such Member’s (i) right to a distributive share of the Profits and Losses (and items thereof) of the Company, (ii) right to a distributive share of the assets of

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the Company, (iii) rights to allocations, information and to consent or approve, and (iv) right to participate in the management of the affairs of the Company as provided herein.

“*Nonrecourse Deductions*” has the meaning set forth in Regulations §§ 1.704-2(b)(1) and 1.704-2(c).

“*Nonrecourse Liability*” has the meaning set forth in Regulations §§ 1.704-2(b)(3) and 1.752-1(a)(2).

“*Operations Agreement*” means the Operations and Maintenance Agreement to be entered into concurrently with the closing of the Purchase and Sale Agreement, between the Company, as owner, and Gulf South Pipeline Company, LP, as operator, as it may be amended from time to time.

“*Permits*” means any licenses, permits, certificates of authority, approvals, authorizations, registrations, tariffs, statements of operating conditions, franchises and similar consents granted by a Governmental Authority.

“*Person*” means any natural person, corporation, partnership (general, limited, limited liability or otherwise), limited liability company, firm, association, trust or any other entity, whether acting in an individual, fiduciary or other capacity or any Governmental Authority.

“*Pro Rata*” means proportionately among all Members, or with respect to a particular subset of Members, among the Members of such subset, in accordance with the Members’ respective Equity Percentage Interests.

“*Profit*” and “*Loss*” mean, for each fiscal year or other period, an amount equal to the Company’s taxable income or loss for such fiscal year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profit and Loss pursuant to this definition of Profit and Loss shall increase the amount of such income and/or decrease the amount of such loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations § 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profit or Loss pursuant to this definition of Profit and Loss, shall decrease the amount of such income and/or increase the amount of such loss;

(iii) In the event the Agreed Value of any Company asset is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of “Agreed Value,” the amount of such adjustment shall be taken into account in the taxable year of such adjustment as gain or loss from the disposition of such asset for purposes of computing Profit or Loss;

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(iv) Gain or loss resulting from any disposition of Company assets, where such gain or loss is recognized for federal income tax purposes, shall be computed by reference to the Agreed Value of the Company assets disposed of, notwithstanding that the adjusted tax basis of such Company assets differs from its Agreed Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such income or loss, there shall be taken into account Depreciation for such fiscal year or other period;

(vi) To the extent an adjustment to the adjusted tax basis or any asset included in Company assets pursuant to Code Section 734(b) or 743(b) is required pursuant to Regulations § 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Membership Interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) for the disposition of the asset and shall be taken into account for purposes of computing Profit and Loss; and

(vii) Notwithstanding any other provision of this definition of "Profit" and "Loss," any items which are specially allocated pursuant to Section 6.2 or Section 6.4(b) hereof shall not be taken into account in computing Profit or Loss. The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections 6.2 and 6.4(b) hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

"Purchase and Sale Agreement" has the meaning set forth in Section 3.1.

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

"Regulations" means the Income Tax Regulations promulgated under the Code, as may be amended from time to time (including corresponding provisions of successor regulations).

"Regulatory Allocations" has the meaning set forth in Section 6.2(h).

"Residual Gain" or *"Residual Loss"* means any item of gain or loss, as the case may be, of the Company recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 6.3(b), to eliminate Book-Tax Disparities.

"Securities Act" has the meaning specified in the legend appearing at the top of this Agreement.

"Substitute Member" means any Person who acquires Membership Interests from a Member and is admitted to the Company as a Member pursuant to the provisions of Section 9.2.

“*Supermajority Approval*” means, when used with respect to the Board, two-thirds approval by the Managers (calculated by reference to the Equity Percentage Interest of the Members that appointed the Managers); and, when used with respect to the Members, two-thirds approval by the Members (calculated by reference to the Equity Percentage Interest of such Members).

“*Tax*” or “*Taxes*” means any United States federal, state or local income tax, ad valorem tax, excise tax, sales tax, use tax, franchise tax, margin tax, real or personal property tax, transfer tax, gross receipts tax or other tax assessment, fee, levy or other governmental charge, together with and including any and all interest, fines, penalties, assessments and additions to the Tax resulting from, relating to, or incurred in connection with any of the foregoing or any contest or dispute thereof.

“*Tax Matters Partner*” has the meaning specified in Section 6.11.

“*Third Parties*” means any Person other than the Company and its Members, or their respective Affiliates.

“*Transfer*” has the meaning specified in Section 9.1.

“*Transferee*” means a Person who receives all or part of a Member’s Membership Interest through a Transfer.

“*Wholly-Owned Affiliate*” means, when used with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, is controlled by such other Person, where “control” for purposes of this definition means the possession, directly or indirectly, of the power, directly or indirectly, to direct or cause the direction of the management or policies of such specified Person, through ownership of 100% of the equity securities of such specified Person.

1.2 Rules of Construction. In construing this Agreement:

(a) no consideration shall be given to the captions of the articles, sections, subsections, or clauses, which are inserted for convenience in locating the provisions of this Agreement and not as an aid in its construction;

(b) no consideration shall be given to the fact or presumption that one party had a greater or lesser hand in drafting this Agreement;

(c) examples shall not be construed to limit, expressly or by implication, the matter they illustrate;

(d) the word “includes” and its derivatives means “includes, but is not limited to,” and corresponding derivative expressions;

(e) a defined term has its defined meaning throughout this Agreement, and each exhibit, attachment, and schedule to this Agreement, regardless of whether it appears before or after the place where it is defined;

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(f) all references to prices, values or monetary amounts refer to United States dollars, unless expressly provided otherwise;

(g) all references to articles, sections, paragraphs, clauses, exhibits, attachments or schedules refer to articles, sections, paragraphs and clauses of this Agreement, and to exhibits, attachments or schedules attached to this Agreement, unless expressly provided otherwise;

(h) each exhibit, attachment, and schedule to this Agreement is a part of this Agreement, but if there is any conflict or inconsistency between the main body of this Agreement and any exhibit, attachment or schedule, the provisions of the main body of this Agreement shall prevail;

(i) the words “this Agreement,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision, unless expressly so limited, but do not refer to documents attached hereto as exhibits and schedules or referred to therein unless expressly so stated;

(j) reference to a given agreement, instrument, exhibit or schedule constitutes a reference to that agreement, instrument, exhibit or schedule as, and as may be, from time to time, modified, amended, supplemented and restated; and

(k) references to any Person include transferees of such Person which acquire such Person’s Membership Interests as permitted in and in accordance with this Agreement.

ARTICLE II. ORGANIZATIONAL MATTERS

2.1 Formation. The Company was formed as a limited liability company under and pursuant to the provisions of the Act for the limited purpose and scope described in Section 3.1 and no other. The rights and liabilities of all Members shall be as provided under the Act, the Certificate of Formation and this Agreement.

2.2 Name. The name of the Company is Boardwalk HP Acquisition Company, LLC and all Company business must be conducted in that name or such other names that comply with applicable law as the Board may select from time to time with notice to the other Members. The Members hereby agree to execute an appropriate assumed name certificate or certificates if required by the applicable law of any state, and to file such certificate, and all amendments that may be necessitated from time to time, in the appropriate filing locations.

2.3 Principal Place of Business. The principal place of business of the Company is located at 9 Greenway Plaza, Suite 2800, Houston, Texas 77046. The Company may locate its place of business, other or additional offices and the Company’s registered office at any other place or places, and may seek qualification of the Company to conduct business in such other jurisdictions, as the Board may from time to time deem advisable with notice to the other Members.

2.4 Registered Office and Registered Agent. The registered office and registered agent of the Company in the State of Delaware shall be as set forth in the Certificate of Formation. From time to time, the Board may change the Company's registered office and/or registered agent in the State of Delaware as provided in the Act with notice to the other Members.

2.5 Foreign Qualification. Prior to the Company's conducting business in any jurisdiction other than Delaware, the Company shall comply, to the extent procedures are available and those matters are reasonably within the control of the Company, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Company, each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue, or terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.6 Term. The term of the Company commenced on the date of the filing of the Certificate of Formation with the Delaware SOS, and shall continue until the Company is dissolved and wound up in accordance with this Agreement and the Act.

2.7 General. A Member's Membership Interest in the Company shall be personal property for all purposes. All real and other property owned or leased by the Company shall be deemed owned or leased by the Company as an entity. Title to all real or other property owned or leased by the Company shall be held in the name of the Company and no Member, individually, shall have any ownership of or leasehold interest in any such property.

2.8 Tax Status. The Members intend that the Company shall be treated as a partnership for federal and state income Tax purposes, rather than an association Taxable as a corporation, and neither the Members nor the Company shall make any election pursuant to Regulations § 301.7701-3(c) or any similar state Law or policy to cause the Company to be treated as an entity other than a partnership for federal or state income Tax purposes.

2.9 No Partnership Intended for Nontax Purposes. The Members have formed the Company under the Act, and expressly do not intend hereby to form a partnership under the laws of the State of Delaware or any other jurisdiction. By executing this Agreement, the Members do not intend to be partners as to one another, or partners as to any third party, for any purpose other than federal, state, local or foreign tax purposes. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

ARTICLE III. PURPOSE OF THE COMPANY

3.1 Purposes of the Company. The purpose for which the Company is organized is to acquire the equity interests in Crystal Holding, L.L.C. ("*Crystal*") pursuant to that certain Purchase and Sale Agreement dated October __, 2011, by and between Enterprise GTM Holdings L.P. and the Company (the "*Purchase and Sale Agreement*"), and engage in any

business activities that relate to the business of natural gas storage or natural gas transportation conducted now or in the future by Crystal and its current and future subsidiaries and in any other business or activity that now or hereafter may be permitted by the Act.

3.2 General Powers. The Company shall have the power to enter into all transactions necessary or incidental to accomplish or implement the business or purposes of the Company, in its own name or in the name of, or by or through, one or more agents, nominees or trustees, including, without limitation, the incurring of indebtedness and the granting of liens and security interests in assets of the Company to secure the payment of such indebtedness, together with such other powers as may be authorized by this Agreement or permitted under the Act and which are necessary, incidental or customary in connection with the business of the Company.

ARTICLE IV. NAMES AND ADDRESSES OF MEMBERS

4.1 Names and Addresses of Members. The names and addresses of the Members are set forth on Exhibit A attached hereto, as such Exhibit may be amended from time to time.

4.2 Substitute or Additional Members. No substitute or additional Members shall be admitted to the Company except in accordance with Article IX.

4.3 Issuance of Membership Interests. On the Effective Date, the Members shall contribute to the Company an aggregate amount equal to their respective Initial Capital Contributions and, in exchange for such contributions, the Company is issuing to such Members their respective Membership Interests.

4.4 Preemptive Rights. The Members shall not have a preemptive right to acquire additional, unissued or treasury Membership Interests of the Company or securities of the Company, convertible into or carrying a right to subscribe to acquire Membership Interests.

ARTICLE V. CONTRIBUTIONS; FINANCING; CAPITAL ACCOUNTS

5.1 Capital Contributions. Capital Contributions shall be comprised of Initial Capital Contributions and Additional Capital Contributions. Additional Capital Contributions shall be comprised of contributions pursuant to Capital Calls. All Capital Contributions shall be made in cash except as otherwise approved by the Board. The Capital Contributions of the Members may be used for any valid Company purpose. The Members shall use their commercially reasonable efforts to arrange debt financing for a portion of the costs of acquisition of Crystal and related transaction expenses and additional capital needs of the Company, Crystal and its subsidiaries, all of which debt financing shall be subject to Board approval in accordance with this Agreement.

5.2 Initial Capital Contributions. Each Member's Initial Capital Contribution consists of cash in the amount set forth on Exhibit A. In exchange for these Initial Capital Contributions, the Members shall own, hold and be entitled to Membership Interests with the initial Equity Percentage Interests shown on Exhibit A, such Membership Interests to be subject to all of the terms, provisions and conditions of this Agreement. The Capital Account balances of each

Member as of the Effective Date are agreed to be amounts equal to each Member's respective Initial Capital Contributions.

5.3 Capital Calls.

(a) Without creating any rights in favor of third parties, at any time and from time to time that the Board determines, by Supermajority Approval, that the Company requires additional capital for any reason related to the business of the Company, the Board may call for additional capital by written notice ("*Capital Call*") to the Members, and each Member shall have the right, but not the obligation, to make an Additional Capital Contribution in an amount equal to its Pro Rata portion of the Capital Call (or, so long as the aggregate amount of the Members' Additional Capital Contributions equal the total amount of the Capital Call, in such other proportions as the Members unanimously agree).

(b) In the event a Member does not make an Additional Capital Contribution in an amount equal to its Pro Rata portion of a Capital Call (or, so long as the aggregate amount of the Members' Additional Capital Contributions equal the total amount of the Capital Call, in such other proportions as the Members unanimously agreed), the fully contributing Member shall have the right, but not the obligation, to contribute all or any portion of the Additional Capital Contribution that was not contributed by the non-contributing Member.

5.4 Required Capital Contributions. No Member shall have any obligation to make any Capital Contributions to the Company other than as expressly set forth herein. In particular, no Member shall have any obligation to restore (to the Company or to or for the benefit of any creditor of the Company) any deficit balance in its Capital Account at any time, whether on liquidation or otherwise, and such deficit balance shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

5.5 Interest. No Member shall be entitled to be paid interest in respect of either its Capital Account or its Capital Contributions.

5.6 Return of Capital. No Member shall be entitled to have any Capital Contribution returned to it or to receive any distributions from the Company upon withdrawal or otherwise, except in accordance with the express provisions of this Agreement. No unrepaid Capital Contribution shall be deemed or considered to be a liability of the Company or any Member. No Member shall be required to contribute any cash or property to the Company to enable the Company to return any Member's Capital Contribution.

5.7 Creditors of the Company. No creditor of the Company will have or shall acquire at any time any direct or indirect interest in the profits, capital or property of the Company other than as a secured creditor as a result of making a loan to the Company.

5.8 Loans. No Member may make any loans to the Company (a) without Supermajority Approval by the Board and (b) without offering to the other Members the opportunity to make such loans Pro Rata; provided, however, that a Member may make a loan (an "*Emergency Loan*") to the Company in order to allow the Company to meet costs and expenses arising from measures taken to deal with an emergency or imminent threat to life or property of the Company.

5.9 Capital Accounts. A Capital Account shall be established and maintained for each Member in accordance with the definition of “Capital Account” herein.

ARTICLE VI.
ALLOCATIONS AND DISTRIBUTIONS

6.1 Allocations. After giving effect to the special allocations set forth in Sections 6.2 and 6.3, Company Profit or Loss for any taxable period shall be allocated to the Members Pro Rata.

6.2 Regulatory Allocations. Notwithstanding the foregoing provisions of this Article VI, the following special allocations shall be made in the following order of priority:

(a) Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Company taxable year, then each Member shall be allocated items of Company income and gain for such taxable year (and, if necessary, for subsequent years) in an amount equal to such Member’s share of the net decrease in Company Minimum Gain, determined in accordance with Regulations § 1.704-2(g)(2). This Section 6.2(a) is intended to comply with the minimum gain chargeback requirement of Regulations § 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Company taxable year, then each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations § 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such taxable year (and, if necessary, for subsequent years) in an amount equal to such Member’s share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in a manner consistent with the provisions of Regulations § 1.704-2(i)(4). This Section 6.2(b) is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement of Regulations § 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Regulations § 1.704-1(b)(2)(ii)(d)(4), (5) or (6), then items of income and gain shall be allocated to all such Members (in proportion to the amounts of their respective deficit Adjusted Capital Accounts) in an amount and manner sufficient to eliminate the deficit balance in the Adjusted Capital Account of such Member as quickly as possible. It is intended that this Section 6.2(c) qualify and be construed as a “qualified income offset” within the meaning of Regulations § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Limitation on Allocation of Loss. If the allocation of Loss (or items of loss or deduction) to a Member as provided in Section 6.1 hereof would create or increase an Adjusted Capital Account deficit, then there shall be allocated to such Member only that amount of Loss (or items of loss or deduction) as will not create or increase an Adjusted Capital Account deficit. The Loss (or items of loss or deduction) that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other

Members in proportion to their relative Equity Percentage Interests, subject to the limitations of this Section 6.2(d).

(e) Certain Additional Adjustments. To the extent that an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations § 1.704-1(b)(2)(iv)(m)(2) or Regulations § 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Interest, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in accordance with their Interests in the Company in the event that Regulations § 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations § 1.704-1(b)(2)(iv)(m)(4) applies.

(f) Nonrecourse Deductions. The Nonrecourse Deductions for each Company taxable year shall be allocated to the Members in proportion to their relative Equity Percentage Interests.

(g) Member Nonrecourse Deductions. The Member Nonrecourse Deductions shall be allocated each year to the Member that bears the economic risk of loss (within the meaning of Regulations § 1.752-2) for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

(h) Curative Allocations. The allocations set forth in Sections 6.2(a), 6.2(b), 6.2(c), 6.2(d), 6.2(e), 6.2(f) and 6.2(g) hereof (the “*Regulatory Allocations*”) are intended to comply with certain requirements of Regulations §§ 1.704-1(b) and 1.704-2(i). Notwithstanding the provisions of Section 6.1, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

6.3 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction which is recognized by the Company for federal income tax purposes will be allocated among the Members in the same manner as its correlative item of “book” income, gain, loss or deduction is allocated pursuant to Sections 6.1 and 6.2.

(b) With respect to any Contributed Property or Adjusted Property with a Book-Tax Disparity, the Company shall adopt the “remedial allocation method” described in Regulations § 1.704-3(d) to eliminate the distortions caused by the “ceiling rule” (under Code Section 704(c) and the Regulations promulgated thereunder), and consistent therewith and in an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions will be allocated for federal income tax purposes among the Members as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto will be allocated among the Members in the manner provided under Code Section 704(c) and Regulations § 1.704-3(d) (i.e. the “remedial allocation method”) to eliminate the Book-Tax Disparity of such Contributed Property; and (B) any item of Residual Gain or Residual Loss attributable to a Contributed Property will be allocated among the Members in the same manner as its correlative item of “book” gain or loss is allocated pursuant to Sections 6.1 and 6.2.

(ii) (A) In the case of an Adjusted Property, such items will (1) first, be allocated among the Members in a manner consistent with the principles of Code Section 704(c) and Regulations § 1.704-3(d) (i.e. the “remedial allocation method”) to eliminate the remaining portion of the Book-Tax Disparity of such Adjusted Property that is attributable to the adjustment of its Agreed Value pursuant to the definition of “Agreed Value” and (2) second, in the event such Adjusted Property was originally a Contributed Property, be allocated among the Parties in a manner consistent with Section 6.3(b)(i)(A) to eliminate the portion of the remaining Book-Tax Disparity of such Adjusted Property that existed at the time of its contribution to the Company; and (B) any item of Residual Gain or Residual Loss attributable to an Adjusted Property will be allocated among the Members in the same manner as its correlative item of “book” gain or loss is allocated pursuant to Sections 6.1 and 6.2.

(c) For the proper administration of the Company, the Company will adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; provided, that such depreciation, amortization and cost recovery methods will be the most accelerated methods allowed under federal income tax laws.

(d) Any gain allocated to the Members upon the sale or other taxable disposition of any Company property or asset will, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.3 be characterized as Recapture Income in the same proportions and the same extent as such Members (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(e) All items of income, gain, loss, deduction and credit recognized by the Company for federal income tax purposes and allocated to the Members in accordance with the provisions hereof shall be determined without regard to any election under Code Section 754 (other than any change in Capital Account balance pursuant to Regulations § 1.704-1(b)(2)(iv)(m)) which may be made by the Company; provided, however, that such allocations, once made, shall be adjusted (in any manner determined by the Board) to take into account those adjustments permitted or required by Code Sections 734 and 743.

6.4 Other Rules.

(a) For purposes of determining the Profit, Loss or any other item allocable to any period, Profit, Loss and other items will be determined on a daily, monthly or other basis, as

reasonably determined by the Board using any permissible method under Code Section 706 and the related Regulations.

(b) In the event that the Code or any Regulations require allocations of items of income, gain, loss, deduction or credit different from those set forth in this Article VI, the Company is hereby authorized to make new allocations in reliance on the Code and such Regulations, and no such new allocation shall give rise to any claim or cause of action by any Member.

(c) For purposes of determining a Member's proportional share of the Company's "excess nonrecourse liabilities" within the meaning of Regulations § 1.752-3(a)(3), each Member's interest in Profit shall be such Member's Equity Percentage Interest.

6.5 Distributions.

(a) From time to time, the Board shall distribute Available Cash to the Members Pro Rata, provided that the Company shall not make any distribution to its Members that would be prohibited by the Act or by any contract to which the Company is a party or to which it is subject.

(b) The Company and the Board shall be entitled to treat the record owner of a Membership Interest as the absolute owner thereof in all respects and shall incur no liability for distributions of cash or other property made in good faith to such record owner until such time as a Transfer of such Membership Interest has become effective on the books of the Company. From the date of the receipt of any instrument relating to Transfer of a Membership Interest or at any time if the Company is reasonably in doubt as to the Person entitled to receive distributions in respect of such Membership Interest, the Company may withhold any such distributions until the Transfer is completed or abandoned or the dispute is resolved. Any amounts that a Member owes the Company may be deducted from the amount of a distribution to such Member before payment.

6.6 Accounting Matters.

(a) The fiscal year of the Company shall end on December 31, with the first fiscal year of the Company ending on December 31, 2011. The books and records of account of the Company shall, at the expense of the Company, (i) be kept, or caused to be kept, by the Company at the principal place of business of the Company, (ii) be on a basis consistent with GAAP consistently applied, (iii) reflect all Company transactions, and (iv) be appropriate and adequate for conducting the Company business. The Company may cause accountants who are employees of one or more Members or their Affiliates to keep the Company's books and records, or the Company may hire third party accountants to keep the Company's books and records.

(b) Company books and records of account will be available for inspection and audit as provided in Section 8.4.

(c) Within a reasonable time after the end of each Company fiscal year during the existence of the Company and in any event no later than the fifteenth day of the fourth month after the commencement of the next succeeding fiscal year (unless an extension request has been

Exhibit 10.4

filed with the IRS), the Board will prepare (or cause to be prepared), at Company expense, and file for the Company appropriate tax returns and send all Members a copy thereof.

(d) Subject to the provisions of Section 8.4, within 120 days after the end of each Company fiscal year, 45 days after the end of each of the first three fiscal quarters of each Company fiscal year, and 30 days after the end of each month (other than months that are also the end of fiscal quarters or the Company fiscal year), the Company shall furnish each Member with a copy of the balance sheet of the Company as of the last day of the applicable period, and a statement of income or loss for the Company for such period, which shall be prepared from the books and records of the Company in accordance with GAAP consistently applied. The Company's year-end annual statements shall be audited by a nationally recognized independent registered public accounting firm and, unless reasonably objected to by the Other Members, the accounting firm that audits the year-end financial statements of Boardwalk.

(e) The funds of the Company shall not be commingled with the funds of any Member or any other Person, and neither the Company nor any Member shall employ or permit any other Person to employ such funds in any manner except for the benefit of the Company. The bank accounts of the Company shall be maintained in the name of the Company in such banking institutions as are approved by the Board, and withdrawals shall be made only in the regular course of Company business and as otherwise authorized in this Agreement on such signature or signatures as the Board may determine.

(f) Each Member shall furnish to the Company all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns and financial statements to be prepared.

6.7 Dissolution. Notwithstanding the provisions of Article VI, upon dissolution of the Company as provided in Article X, all distributions occurring after such dissolution shall be made in accordance with Article X.

6.8 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state, local or other tax law with respect to any payment or distribution to the Members shall be treated as amounts distributed to the Members pursuant to this Article VI for all purposes of this Agreement.

6.9 Conformity of Reporting. The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company profits, gains, income, losses, deductions, credits and other items for income tax purposes.

6.10 Elections. The Company shall make the following elections on the appropriate tax returns:

- (a) to adopt the calendar year as the Company's taxable year;
- (b) to adopt the accrual method of accounting;

(c) to elect in a timely manner pursuant to Code Section 754 and pursuant to corresponding provisions of applicable state and local tax laws, an election under Code Section 754 and the Regulations promulgated thereunder to adjust the bases of the Company's properties under Code Sections 734 and 743;

(d) to elect to deduct the organizational expenses of the Company as permitted by Code Section 709(b);

(e) to elect to deduct the start-up expenditures of the Company as permitted by Code Section 195(b); and

(f) any other election approved by a Majority of the Board.

Neither the Company nor any Member may make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law or take any other action which would result in the Company not being treated as a "partnership" for federal tax purposes.

6.11 Tax Matters Partner. Boardwalk shall be the "tax matters partner" of the Company pursuant to Code Section 6231(a)(7) ("*Tax Matters Partner*"). The Tax Matters Partner shall take such action as may be necessary to cause each other Member to become a "notice partner" within the meaning of Code Section 6223. The Tax Matters Partner shall inform each other Member of all significant matters that may come to its attention in its capacity as the Tax Matters Partner by giving notice thereof on or before the fifth Business Day after becoming aware thereof and, within that time, shall forward to each other Member copies of all material written communications it may receive in that capacity. The Tax Matters Partner may not take any action contemplated by Code Sections 6222 through 6231 without the consent of a Majority except as necessary to meet applicable time deadlines or comply with other requirements of law, but this sentence does not authorize the Tax Matters Partner to take any action left to the determination of an individual Member under Code Sections 6222 through 6231.

ARTICLE VII.

MANAGEMENT OF THE COMPANY

7.1 Management by Board of Managers.

(a) The Members hereby approve the Operations Agreement and the budget described therein.

(b) The overall management and control of the Company shall be exercised by or under the authority of the board of managers ("*Board*," and each member of the Board, a "*Manager*") as provided in this Article VII. A Manager shall be deemed to be a "manager" within the meaning of the Act. The Board shall be exclusively vested with all management powers over the business and affairs of the Company except as otherwise expressly provided in this Agreement or by non-waivable provisions of applicable Law. Except as expressly provided herein or as is otherwise required by Law, no Member, in its capacity as a Member, shall have any management power over the business and affairs of the Company or actual or apparent authority to enter into contracts on behalf of the Company.

(c) The Board shall be comprised of four (4) Managers, two (2) of whom are designated by each of Boardwalk and BPHC, in each case so long as such entity remains a Member. The Persons initially serving as Managers are as follows:

BPHC:	Andrew Tisch Ken Siegel
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Boardwalk:	Stan Horton Jamie Buskill
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(d) Each Manager shall continue to serve in such capacity until his resignation, death or removal. A Manager shall serve at the pleasure of the Member that appointed such Manager and may be removed at any time with or without cause by, and only by, the Member that is entitled to appoint such Person.

(e) In the event of a vacancy on the Board, the Member entitled pursuant to Section 7.1(c) to appoint the Manager in respect of which such vacancy occurred may appoint a Person to fill such vacancy.

(f) After the date hereof, Members entitled to appoint Managers may appoint such Persons by providing written notice thereof to the other Members and the Company, which notice shall state the effective date of any such appointment.

(g) A Manager may resign at any time by giving written notice to the Company and the Member that appointed such Manager. Such resignation shall be in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Company. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation.

(h) Disclaimer of Duties: EACH MANAGER SHALL REPRESENT, AND OWE DUTIES TO, ONLY THE MEMBER THAT DESIGNATED SUCH MANAGER (THE NATURE AND EXTENT OF SUCH DUTIES BEING AN INTERNAL CORPORATE AFFAIR OF SUCH MEMBER), AND NOT TO THE COMPANY, ANY OTHER MEMBER OR MANAGER, OR ANY OFFICER OR EMPLOYEE OF THE COMPANY. THE PROVISIONS OF SECTIONS 7.10 AND 7.12 SHALL ALSO BE APPLICABLE TO MANAGERS ACTING IN SUCH CAPACITY AND INURE TO THE BENEFIT OF EACH MEMBER'S MANAGERS. THE COMPANY SHALL INDEMNIFY, PROTECT, DEFEND, RELEASE AND HOLD HARMLESS EACH MANAGER FROM AND AGAINST ANY CLAIMS ASSERTED BY OR ON BEHALF OF ANY PERSON (INCLUDING ANOTHER MEMBER OR THE COMPANY), OTHER THAN THE MEMBER THAT DESIGNATED SUCH MANAGER, THAT ARISE OUT OF, RELATE TO OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, SUCH MANAGER'S SERVICE ON THE BOARD, OTHER THAN SUCH CLAIMS ARISING OUT OF THE FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH MANAGER (SUCH FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT HAVING BEEN DETERMINED BY A FINAL AND NON-APPEALABLE JUDGMENT ENTERED BY A COURT OF

COMPETENT JURISDICTION) WHICH HAS A MATERIAL ADVERSE FINANCIAL IMPACT ON THE COMPANY.

7.2 Authority of the Board. Except for matters that (a) require approval of the Members by the express terms of this Agreement or (b) relate to the responsibilities and authority delegated by the Board to the officers, the Board shall have the exclusive authority to make all decisions and take all actions and act on behalf of the Company generally to conduct, direct and manage the business, activities, operations and affairs of the Company.

7.3 Board Decisions and Quorum. Unless otherwise required by the Act, other applicable Law or the provisions hereof:

(a) Each Manager shall be entitled to cast on all matters to come before the Board a number of votes equal to the Equity Percentage Interests held by the Member that appointed such Manager divided by the number of Managers appointed by such Member and, if any other Manager appointed by such Member is not in attendance at the Board meeting, the Manager in attendance shall be entitled to cast an aggregate number of votes equal to the Equity Percentage Interests held by such Member (i.e., if one Member is the owner of 80% of the Equity Percentage Interests, and only one Manager appointed by that Member is in attendance, the attending Manager shall be entitled to cast in the aggregate votes equal to 80% of the total votes cast by the Board).

(b) The Board shall hold such regular meetings, if any, as it may determine from time to time which shall not require prior written notice, and such special meetings as may be called by any Manager upon not less than one (1) Business Day's prior written notice to all Managers.

(c) Notices of Board meetings shall state the place, day and hour thereof, shall include appropriate dial-in information to each Manager to participate in such meeting by means of telephone conference, and shall otherwise be in accordance with Section 11.1. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

(d) Attendance of a Manager at any meeting shall constitute a waiver of notice of such meeting, except where the Manager attends a meeting for the express purpose of objecting to the transaction of business at such meeting on the ground that such meeting is not lawfully called or convened. Any Manager may waive notice of any meeting by signing a written waiver to such effect before or after such meeting and such waiver shall be effective for all purposes as satisfying all notice requirements under this Agreement or applicable Law.

(e) The presence in person or by proxy of Managers having, in the aggregate, a majority of the votes held by all Managers shall constitute a quorum for the transaction of business at any meeting of the Board. If, however, a quorum shall not be present at any meeting of the Board, the Managers present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present. Notwithstanding anything contained herein to the contrary, where a Manager attends a meeting for the express purpose of objecting to the transaction of business at such meeting on the ground that such

meeting is not lawfully called or convened, such attendance shall not constitute participation in, or presence at, such meeting.

(f) With respect to any matter for which the approval, consent or vote of Managers is required by the Act or this Agreement, except to the extent Supermajority Approval is required by this Agreement or as otherwise provided in this Agreement, the Majority Approval at which a quorum is present shall be the act of the Board, and the phrases “approval”, “consent” or “vote” of or by the Board and phrases of like import shall mean approval by the Board, similarly construed. At any meeting of the Board, each Manager shall be entitled to vote in person or by proxy executed in writing by such Manager or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless such proxy otherwise provides. Each proxy shall be revocable before it has been voted unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.

(g) Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by Managers holding the requisite number of votes and such consent shall have the same force and effect as a vote of such Managers at a meeting of the Board. Such consent shall be filed with the consents of the Board and a copy of such consent shall be provided to all Managers.

(h) Any meeting of the Board may be held by conference telephone, televideo or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to such equipment shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(i) The Managers shall designate a person to keep and maintain minutes of each meeting of the Board with the other books and records of the Company, and shall provide copies thereof to the other Managers for approval by the Managers.

7.4 Officers and Employees; Outsourced Services.

(a) Generally. The Board shall appoint officers of the Company who shall be responsible for the day-to-day business affairs of the Company, subject to the overall direction and control of the Board. The officers shall have such titles and hold their offices for such terms as shall be determined from time to time by the Board and shall have such authority as set forth in Section 7.5 except to the extent modified from time to time by the Board.

(b) Officers and Agents. The Board may appoint such officers and agents as may from time to time appear to be necessary or advisable in the conduct of the affairs of the Company, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. The Board may grant powers of attorney or other authority as appropriate to establish and evidence the authority of the officers and other Persons.

(c) Term of Office. Any officer may be removed, with or without cause, only by the Board. Vacancies in any office may be filled only by the Board.

(d) Resignation. An officer may resign at any time by giving written notice of resignation to the Board. Any such resignation shall be effective immediately unless a certain date is specified for it to take effect, in which event it shall be effective upon such date. Acceptance of any such resignation shall not be necessary to make it effective.

(e) Compensation. The compensation, if any, of all officers, employees and agents of the Company shall be fixed by the Board.

(f) Reimbursements. The officers and agents of the Company may be reimbursed for out-of-pocket costs and expenses of the Company paid or incurred by them on behalf of the Company.

7.5 Authority of the Officers. Except for matters that require approval of the Members or the Managers by the express terms of this Agreement, or as the Managers may otherwise determine, the officers shall have the authority to make all decisions and take all actions and act on behalf of the Company generally to conduct, direct and manage the day-to-day business, activities, operations and affairs of the Company and all matters related to the business of the Company

7.6 Member Decisions and Quorum.

(a) The Members in their capacity as Members shall not have any power or authority to manage the business or affairs of the Company or to bind the Company or enter into agreements on behalf of the Company. Except as otherwise expressly provided in this Agreement, Members shall have no voting rights or rights of approval, veto or consent or similar rights over any actions of the Company.

(b) There shall be no regular meetings of the Members. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by Law, may be called by any Member holding, together with its Affiliates, at least an aggregate ten percent (10%) or more Equity Percentage Interest. Meetings of the Members shall take place at the principal office of the Company unless the Members agree otherwise.

(c) Written notice of all special meetings of Members stating the place, day and hour thereof, and the purpose for which the meeting is called, shall be given not less than one (1) Business Day prior to the date of the meeting, to the Members of record entitled to vote at such meeting and shall otherwise be in accordance with Section 11.1.

(d) Attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting to the transaction of business at such meeting on the ground that such meeting is not lawfully called or convened. Any Member may waive notice of any meeting by signing a written waiver to such effect before or after such meeting and such waiver shall be effective for all purposes as satisfying all notice requirements under this Agreement or applicable Law.

(e) The presence in person or by proxy of Members holding in the aggregate a majority of the Equity Percentage Interests shall constitute a quorum for the transaction of business at any meeting of the Members. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote at such meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally convened.

(f) With respect to any matter for which the approval, consent or vote of Members is required by the Act or this Agreement, the affirmative vote of a Majority Approval at a meeting of the Members at which a quorum is present shall be the act of the Members, unless the matter is one for which the Act (in a non-waivable provision thereof) or this Agreement requires the consent, approval or vote of all of the Members or a Supermajority Approval. The terms “approval”, “consent” or “vote” of or by the Members and phrases of like import shall mean approval by the Members, similarly construed. At any meeting of the Members, each Member entitled to vote at such meeting shall be entitled to vote in person or by proxy executed in writing by such Member or by his or its duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless such proxy otherwise provides. Each proxy shall be revocable before it has been voted unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.

(g) Any action required or permitted to be taken by the Members at a meeting of the Members may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by Members holding an aggregate Equity Percentage Interest sufficient to take such action at a meeting of the Members at which a quorum is present. Such consents shall be filed with the minutes of the Members, and a copy of such consents shall be provided to all Members.

(h) Members may participate in and hold a meeting of the Members by means of conference telephone, televideo or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to such telephone or communication equipment shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

7.7 Acts Requiring Supermajority Approval. Neither any Member, Manager or officer shall have any authority to take any of the following actions or enter into any agreement or arrangement to consummate any of the following actions on behalf of the Company, or otherwise cause or permit the Company to do any of the following without Supermajority Approval of the Board:

- (a) any Capital Call (or acceptance of any Capital Contribution);
- (b) any issuance or sale of any Membership Interests, except pursuant to any convertible security, call, option, warrant, subscription, purchase right or other contract or

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commitment previously approved by Supermajority Approval, or any change in the number of outstanding Membership Interests whether by recapitalization, reclassification, split-up, combination, exchange, repurchase, acquisition or otherwise or take any action affecting the amount of outstanding Membership Interests or altering the rights of outstanding Membership Interests set forth in this Agreement;

- (c) any distributions of Membership Interests;
- (d) approve the admission of an additional Member into the Company; and
- (e) approve the admission of a Substitute Member into the Company.

Notwithstanding anything to the contrary in this Agreement, nothing herein authorizes the Members, Managers or the officers of the Company to take any action for which the unanimous consent of the Members is required by the express terms of this Agreement or the non-waivable provisions of the Act without the consent of all of the Members.

7.8 Acts Requiring Unanimous Approval. Neither any Member, Manager or officer shall have any authority to take any of the following actions or enter into any agreement or arrangement to consummate any of the following actions on behalf of the Company, or otherwise cause or permit the Company to do any of the following without the unanimous approval of the Board:

- (a) any amendment of the Charter Documents of the Company;
- (b) the adoption of any voluntary change in the tax classification for federal income tax purposes of the Company;
- (c) approve any merger, consolidation or other combination of the Company, or participation of the Company in a share exchange, or sale of all or substantially all of the assets of the Company;
- (d) assignment of all or substantially all of the Company's assets in trust for creditors or on the assignee's promise to pay its debts or file a voluntary petition commencing a bankruptcy, insolvency or similar proceeding; and
- (e) dissolution or liquidation of the Company.

7.9 Budget. The Board may approve budgets for the Company from time to time.

7.10 Determination of Fair Market Value. Whenever a determination of Fair Market Value is required under this Agreement (including as part of a determination of Agreed Value), the Board shall determine the Fair Market Value and shall notify the Member who (or whose Affiliate) owns or to whom is being distributed the interest or property being valued of the Board's determination.

7.11 Limitation of Liability. No Member, Manager or officer has guaranteed nor shall it have any obligation with respect to the return of a Member's Capital Contributions, and no

Member, Manager or officer has guaranteed profits from the operation of the Company. No Member or any of its Affiliates, nor any Manager or officer shall be liable to the Company or to any other Member for any loss or damage sustained by the Company or any other Member arising from any actions taken or omitted to be taken in its capacity as a Member, Manager or officer, except for any loss or damage directly resulting from fraud, gross negligence or willful misconduct by such Member or its officers, directors, employees, agents or Affiliates, or such Manager or officer (such fraud, gross negligence or willful misconduct having been determined by a final and non-appealable judgment entered by a court of competent jurisdiction) which has a material adverse financial impact on the Company, it being specifically agreed that no Member, Manager or officer shall be liable for its own ordinary, joint or concurrent negligence of such Member or its officers, directors, employees, agents or Affiliates, or such Manager or officer. In no event shall any Member or its officers, directors, employees, agents or Affiliates, or such Manager or officer be liable to the Company or to any other Member for any Consequential Damages sustained by the Company or any other Member. Each Member, Manager and officer shall be entitled to rely in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Member, Manager or officer reasonably believes are within such Person's professional competence or expertise, including financial statements or other financial data prepared or presented in accordance with the provisions of the Act, and any act taken or omitted in reliance thereon shall be conclusively presumed to have been done or omitted in good faith and in accordance therewith. Notwithstanding any other provision of this Agreement or any duty otherwise existing at Law or in equity, the parties hereby agree that each Member, the Managers, the officers and their Affiliates shall owe, to the maximum extent permitted by Law, including Section 18-1101 of the Act, no fiduciary duties to the Company, the other Members or any other Person bound by this Agreement and any standard of care and duty otherwise imposed on any Member, Manager, officer or their Affiliates by this Agreement or under the Act or any applicable Law shall be eliminated to the fullest extent permitted by Law. The provisions of this Agreement, including Sections 7.11 and 7.12, to the extent that they restrict or eliminate fiduciary and other duties of Members, Managers, officers or Affiliates to the Company or its Members otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Members, Managers, officers or Affiliates.

7.12 No Restrictions.

(a) No Member, Manager or officer shall be required to tend to the business and affairs of the Company as such Member's, Manager's or officer's sole and exclusive function, and any Member, Manager or officer may have other business interests and may engage in other investments and activities in addition to those relating to the business of the Company or the Company, independently or with others, including businesses, investments and activities that may be similar to, or in competition with, the business of the Company, the Company, any of its Members or any of their respective Affiliates, and none of the same shall constitute a breach of this Agreement or any duty expressed or implied by law to any Member, Manager or officer or the Company. No Member, Manager or officer shall incur liability to the Company or to any Member as a result of engaging in any other such business, investment or activity.

(b) Notwithstanding anything to the contrary in this Agreement, the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to a Member, Manager or officer. No Member, Manager or officer who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Company shall have any duty to communicate or offer such opportunity to the Company or any Member, and such Member, Manager or officer shall not be liable to the Company, to any Member or any other Person for breach of any fiduciary or other duty by reason of the fact that such Member, Manager or officer pursues or acquires such opportunity for itself, directs such opportunity to another Person or does not communicate such opportunity or information to the Company or any other Member.

(c) Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other businesses, investments or activities of a Member or to the income or proceeds derived therefrom.

(d) The Board may deal and contract with the Company and shall be entitled to enter into contracts with Affiliates, including contracts pursuant to which such Affiliates will perform any function which the Board is authorized or obligated to perform hereunder; provided, however, that all such contracts shall be on terms at least as favorable to the Company as then would reasonably be expected to be obtainable from a comparable unaffiliated third party performing the same or similar services.

7.13 Indemnity of Members, Managers and Other Agents.

(a) To the fullest extent permitted under the Act, the Members, Managers and the officers of the Company, to the extent acting on behalf of the Company in accordance with the terms of this Agreement and any delegation of authority from the Board and each of such Person's equity owners, managers, directors, officers, agents, representatives and employees ("*Indemnitees*"), shall be indemnified and held harmless by the Company against all losses, Claims, liabilities, damages, fines, penalties, costs and expenses (including attorneys' fees, judgments and amounts paid in settlement actually and reasonably paid or incurred by the Indemnitee), whether or not such Indemnitee is acting in such capacity at the time such liability or expense is paid or incurred, as a result of a Claim arising out of or related to the business of the Company, assets or affairs of the Company, to the extent in the action, omission or transaction giving rise to such Claim, the Indemnitee's actions or omissions were in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interest of the Company and the Indemnitee's conduct did not constitute fraud, gross negligence or willful misconduct (such fraud, gross negligence or willful misconduct having been determined by a final and non-appealable judgment entered by a court of competent jurisdiction) which has a material adverse financial impact on the Company. **THE FOREGOING INDEMNITY EXPRESSLY INCLUDES AN INDEMNITY TO PROTECT A MEMBER, MANAGER AND OFFICER FROM THE CONSEQUENCES OF ITS OWN CONDUCT WITH RESPECT TO THE SOLE, CONCURRENT, PASSIVE OR ACTIVE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE) OR STRICT LIABILITY OF A MEMBER OR ITS OFFICERS, MANAGERS, EMPLOYEES, AGENT OR AFFILIATES.** The termination of any action, suit or proceeding by judgment, order or settlement shall not, of itself, create a presumption that the Indemnitee's actions or omissions were not in good faith and in a

manner that the Indemnitee reasonably believed to be in, or not opposed to, the best interest of the Company, or constituted fraud, gross negligence or willful misconduct. The right of indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which any Indemnitee may otherwise be entitled by contract or as a matter of Law or equity and shall extend to his heirs, successors, assigns and personal representatives.

(b) To the extent an Indemnitee is successful on the merits or otherwise in any proceeding that arises out of or otherwise relates to the Company or this Agreement, such Indemnitee shall be indemnified by the Company against all expenses actually and reasonably incurred by such Indemnitee or on such Indemnitee's behalf in connection therewith. If an Indemnitee is not wholly successful in such proceeding but is successful, on the merits or otherwise, as to one or more but less than all Claims, issues or matters in such proceeding, the Company shall indemnify such Indemnitee against all expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved Claim, issue or matter. For purposes of this Section 7.13(b) and without limitation, the termination of any Claim, issue or matter in such a proceeding by dismissal or withdrawal with or without prejudice, shall be deemed to be a successful result as to such Claim, issue or matter.

(c) The Company shall advance all reasonable expenses incurred by or on behalf of an Indemnitee in connection with any proceeding within twenty (20) days after the receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of any Indemnitee to repay any expenses advanced if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified against such expenses.

(d) The Company may purchase and maintain insurance, at its expense, to protect itself and any Indemnitee, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under Section 7.13(a).

(e) If the indemnification provided for in this Section 7.13 is unavailable to an Indemnitee in respect of any amount referred to therein as a result of a final judicial determination that such indemnification cannot be enforced, then, to the extent permitted by Law, the Company shall, in lieu of indemnifying each Indemnitee, contribute to the amount paid or payable by such Indemnitee as a result of such amount in such proportion as is appropriate to reflect the relative benefits received by the Company and each Indemnitee and the relative fault of the Company and each Indemnitee in connection with the matter which resulted in such Claims, damages, liabilities, judgments, penalties (including excise and similar Taxes and punitive damages), fines, cost, expense or settlement amount, as well as any other relevant equitable considerations.

(f) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.13 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(g) The provisions of this Section 7.13 are for the benefit of the Indemnitees, their heirs, successors and assigns, and shall not be deemed to create any rights for the benefit of other Persons.

(h) No amendment or repeal of this Section 7.13 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnatee to be indemnified by the Company, nor the obligations of the Company to indemnify any such Indemnatee under and in accordance with the provisions of this Section 7.13 as in effect immediately prior to such amendment or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment or repeal, regardless of when such claims may arise or be asserted.

7.14 Compensation and Reimbursement of Expenses. No Member, Manager or officer shall be entitled to compensation for actions taken on behalf of the Company; however, the Company shall reimburse the Managers and Members for any out of pocket expenses reasonably incurred in attending meetings of the Board or of the Members.

ARTICLE VIII. RIGHTS AND OBLIGATIONS OF MEMBERS

8.1 Limitation on Liability and Authority. Each Member's liability shall be limited as set forth in this Agreement, the Act and other applicable law. Without limiting the right of any Member to exercise the rights expressly granted to such Member under this Agreement, each Member agrees that it has no authority under this Agreement, and will not exercise any authority it may have under the Act, to act for, bind or commit the Company to agreements, transactions or other arrangements, or hold itself out as an agent of the Company, without the express prior written consent of the Board.

8.2 No Liability for Company Obligations. No Member or its officers, directors, employees, agents or Affiliates shall be liable for the debts, obligations or liabilities of the Company (whether arising in contract, tort, statute or otherwise), including under a judgment, decree or order of a court, except as may be expressly provided in a separate, written guaranty or other agreement executed by a Member or its officers, directors, employees, agents or Affiliates or as may be provided under the Act relating to liability for wrongful distributions.

8.3 Priority and Return of Capital. Except as is expressly provided herein, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses, or distributions. This Section 8.3 shall not apply to loans made to the Company by any Member.

8.4 Access to Information. Each Member shall be entitled to receive the following (provided, however, an assignee of a Membership Interest who is not admitted as a substitute Member shall not be entitled to any of the following):

- (a) to receive a copy of this Agreement and any amendments hereto;
- (b) to receive a current list of the name and last known address of each Member;

(c) to receive information regarding the amount of cash and a description and statement of the Agreed Value of any other property or services contributed by each Member and that each Member has agreed to contribute in the future, and the date on which each became a Member;

(d) to receive the financial information described in Section 6.6;

(e) to receive copies of the Company's federal, state and local tax returns for each year;

(f) to inspect the assets of the Company during business hours at the principal office of the Company upon reasonable prior written notice; and

(g) to audit, examine and make copies of the books of account and other records of the Company during business hours at the principal office of the Company upon reasonable prior written notice;

provided, however, that this Section 8.4 shall not obligate the Company to create any information that is not required by this Agreement or the Act to be prepared or made available if such information does not already exist at the time of such request (other than to convert existing information from one medium to another, such as providing a printout of information that is stored in a computer database). The inspection and audit rights in Sections 8.4(f) and (g) may be exercised through any agent or employee of such Member designated in writing by it or by an independent public accountant, attorney or other consultant so designated and the Member making the request shall bear all costs and expenses incurred in any inspection, examination or audit made on such Member's behalf. Notwithstanding anything in this Section 8.4, each Member's access to information is subject to and limited by all applicable laws, rules and regulations.

8.5 Insurance. Boardwalk shall, or shall cause the Operator (as such term is defined in the Operations Agreement), to provide and maintain insurance for the Company with coverages and in amounts consistent with the existing policies of Boardwalk.

ARTICLE IX. TRANSFERS

9.1 Restrictions on Transfers.

(a) No Member may transfer, sell, assign, pledge, encumber, or otherwise dispose of (each, a "*Transfer*") all or any portion of its Membership Interest except to another Member upon the consent of the Board and in accordance with the terms and conditions of this Article IX.

(b) All Transfers hereunder shall be by instrument in form and substance reasonably satisfactory to the Company, which instrument shall contain an express statement by the transferee of its agreement to accept the Transfer and to accept, adopt and be bound by all of the terms and provisions of this Agreement, as the same may have been amended from time to time, and shall provide for the payment by the transferring Member of all reasonable expenses

incurred by the Company in connection with such Transfer, including, without limitation, the necessary amendments to this Agreement to reflect such Transfer. The transferring Member and the transferee shall execute and acknowledge any and all such instruments as the Company may reasonably request to effectuate such Transfer, in each case in form and substance reasonably satisfactory to the Company. In no event shall the Company dissolve or terminate (other than for tax purposes, to the extent provided by the Code and Regulations) upon the admission of any Member to the Company or upon any permitted Transfer of a Membership Interest in the Company by any Member.

9.2 Substitute Members. Transferees of Membership Interests will not become substitute Members without Supermajority Approval. Substitute Members shall have all of the rights and obligations of Members. Transferees of Membership Interests who do not become substitute Members shall have only the rights of assignees of Membership Interests and, therefore, no rights of a Member hereunder. An assignee shall have only the right to receive allocations and distributions attributable to the Membership Interest acquired by such assignee, which Membership Interest shall be subject to the same restrictions on transfer as contained in this Agreement. An assignee shall have the same obligations to the Company and the Members as a Member holding the same Membership Interest would have, including any obligation to make Capital Contributions.

9.3 Admission of Additional Members. An additional Member (which shall not include a substitute Member resulting from a Transfer in accordance with Article IX) may be admitted into the Company only upon Supermajority Approval, including in such approval the additional Member's required Capital Contribution and Equity Percentage Interest, and execution of a counterpart of this Agreement by the additional Member. Additional Members shall have all of the rights and obligations of Members.

9.4 Withdrawal. No Member has the right or power to withdraw from the Company and no Member shall withdraw from the Company, without the consent of the Board.

9.5 Effective Date of Transfers. In the event a Transfer of a Membership Interest is consummated in accordance with this Article, such Transfer will be recognized for the purpose of distributions and allocations as of the date on which such Transfer became effective, provided that the Company shall have been given a copy of all documents or instruments executed in connection with such Transfer. Notwithstanding any assumption of liabilities by a Transferee, the transferring Member shall not be released from its obligations under this Agreement or otherwise with respect to the Company unless such a release is approved by the Board. The Company shall be entitled to treat the record owner of a Membership Interest as the absolute owner thereof in all respects and shall incur no liability for distributions of cash or other property made in good faith to such record owner until such time as the Transfer of such Membership Interest has become effective on the books of the Company.

9.6 Withholding of Distributions. From the date of the receipt of any instrument relating to Transfer of a Membership Interest or at any time if the Board is reasonably in doubt as to the Person entitled to receive distributions in respect of such Membership Interest, the Board may withhold any such distributions until the Transfer is completed or abandoned or the dispute is resolved.

9.7 Compliance with Securities Laws. In addition to the restrictions on Transfer of the Membership Interests contained in this Agreement, no Transfer of any Membership Interest shall be made by or on behalf of any Member unless the Membership Interests are registered under the Securities Act, pursuant to an effective registration statement which contemplates the proposed Transfers and complies with the then applicable regulations, rules and administrative procedures and practices of the Securities and Exchange Commission, and are registered or qualified in accordance with any applicable state securities laws, regulations, rules and administrative procedures and practices, or unless the Company has received a written opinion of, or satisfactory to, its legal counsel that the proposed Transfer is exempt from registration under applicable securities laws. The Board may waive the requirement of this Section to obtain a legal opinion.

ARTICLE X.
DISSOLUTION AND TERMINATION

10.1 Dissolution. The Company shall be dissolved and its affairs shall be wound up in accordance with Section 10.2 upon the occurrence of any of the following (“*Liquidating Events*”):

- (a) the end of the term of the Company, if any, stated in the Certificate of Formation;
- (b) the unanimous consent of the Members to dissolve the Company;
- (c) the sale or other disposition of all or substantially all of the Company assets and the receipt of all proceeds therefor;
- (d) the bankruptcy of or the appointment of a receiver for the Company; or
- (e) the occurrence of any other event which causes a dissolution of the Company under the Act, unless the remaining Member or Members vote to continue the Company within the time period provided in the Act or, if no such period is provided, within 90 days after the occurrence of the event.

Notwithstanding the foregoing, it is expressly agreed and provided that the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member shall not cause the Company to be wound up or dissolved, and upon the occurrence of any such event, the Company shall be continued without winding up or dissolution.

10.2 Winding Up, Liquidation and Distribution of Assets.

(a) Upon the dissolution of the Company because of an occurrence of any of the events described in Section 10.1, no further business shall be conducted except for the taking of such action as shall be necessary for the winding up of the affairs of the Company and the distribution of its assets to the Members pursuant to the provisions of this Article X. Upon the occurrence of an event requiring winding up of the Company, the Board shall act as the Liquidating Trustee. The Liquidating Trustee shall have full authority to wind up the affairs of

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the Company and to make distributions as provided herein, subject to the same restrictions under Section 7.3 as if the Liquidating Trustee were the Board.

(b) Upon dissolution of the Company, the Liquidating Trustee shall either sell the assets of the Company at the best price available, or the Liquidating Trustee may distribute to the Members all or any portion of the Company's assets in kind. The property of the Company shall be liquidated as promptly as is consistent with obtaining the fair value thereof. If any assets are sold or otherwise liquidated for value, the Liquidating Trustee shall proceed as promptly as practicable in a commercially reasonable manner to implement the procedures of this Section 10.2. If any assets are to be distributed in kind, the Fair Market Value of such assets shall be determined in accordance with Section 7.9, and each Member's Capital Account shall be charged or credited, as the case may be, as if such asset had been sold for cash at such Fair Market Value and the net gain or net loss recognized thereby had been allocated to and among the Members in accordance with Article VI.

(c) All assets of the Company shall be applied and distributed by the Liquidating Trustee in the following order:

(i) first, to the creditors of the Company (including any Member who has made a loan to the Company that remains outstanding) other than liabilities to Members on account of their Capital Contributions or on account of a Member's withdrawal from the Company or pursuant to a withdrawal of capital;

(ii) second, to setting up the reserves that the Liquidating Trustee may deem reasonably necessary for contingent or unforeseen liabilities or obligations of the Company; and

(iii) thereafter, to the Members in accordance with, and to the extent of, the positive balances of their Capital Accounts (after all adjustments to such Capital Accounts have been made for such taxable year, including to reflect any Profits or Losses to be allocated to the Members in connection with the dissolution and liquidation of the Company).

10.3 Certificate of Cancellation. When all debts, liabilities and obligations of the Company have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets of the Company have been distributed to the Members, a Certificate of Cancellation shall be executed and filed with the Delaware SOS in accordance with the Act.

10.4 Return of Contribution; Nonrecourse Against Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contributions. If the assets of the Company remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return the Capital Contributions of one or more Members, such Member or Members shall have no recourse against any other Member. No Member shall be required to contribute any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

10.5 Compliance with Timing Requirements of Regulations. Except as otherwise provided in Section 10.6, in the event the Company is “liquidated” within the meaning of Regulations § 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to Section 10.2. In the discretion of the Liquidating Trustee, a Pro Rata portion (according to the amount of the distributions) of the distributions that would otherwise be made to the Members may be:

(a) Distributed to a trust established for the benefit of the Members for the purposes of paying any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidating Trustee, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement; or

(b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

10.6 Deemed Contribution and Distribution. In the event the Company is “liquidated” within the meaning of Regulations § 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Company’s property shall not be liquidated, the Company’s liabilities shall not be paid or discharged, and the Company’s affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed all Company property and liabilities to a new limited liability company in exchange for an interest in such new limited liability company and, immediately thereafter, the Company will be deemed to liquidate by distributing interests in the new limited liability company to the Members.

ARTICLE XI. MISCELLANEOUS PROVISIONS

11.1 Notices. All notices or other communications required or permitted by this Agreement shall be in writing, shall be addressed to the Members at their respective addresses or facsimile number set forth on Exhibit A attached hereto or to such other address or facsimile number as may be specified by a party hereto pursuant to notice given by such party in accordance with the provisions of this Section 11.1, and shall be deemed to have been duly given and received (a) when delivered in person, (b) five (5) Business Days after being sent by registered or certified mail, return receipt requested, postage prepaid, (c) when dispatched by electronic facsimile transfer (if confirmed in writing by mail simultaneously dispatched) or by electronic mail in portable document format (.pdf), if delivery thereof is confirmed to have occurred) on a Business Day prior to 5:00 p.m. in the time zone of the receiving Party, otherwise it shall be deemed delivered and received on the next Business Day, or (d) one (1) Business Day after having been dispatched by a nationally recognized overnight courier service, to the appropriate Party at the address or facsimile number specified on Exhibit A (or to such other addresses and facsimile numbers as a Party may designate by written notice to each of the other Parties in any manner permitted in this Section 11.1). Notices to the Company shall be made to the Company at its principal place of business, with a copy of the notice to each Member.

11.2 Entire Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings of the parties relating to the subject matter hereof.

11.3 Modifications and Waivers. No amendment or other modification of any provision of this Agreement shall be valid or binding unless it is in writing and signed by all of the Members. No waiver of any provision of this Agreement shall be valid or binding unless it is in writing and signed by the party waiving compliance with such provision. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver of any partial exercise of any such right, power or privilege preclude any further exercise thereof or the exercise of any other such right, power or privilege. No waiver of any breach, term or condition of this Agreement by any Member shall constitute a subsequent waiver of the same or any other breach, term or condition.

11.4 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable Laws of the State of Delaware. If any provision of this Agreement or the application thereof to any person or circumstances is for any reason and to any extent invalid or unenforceable, (a) the remainder of this Agreement and the application of such provision to the other persons or circumstances will not be affected thereby, but rather are to be enforced to the greatest extent permitted by Law and (b) the Parties shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Parties in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

11.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.6 LIMITATION OF LIABILITY. THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED FOR IN THIS AGREEMENT SHALL BE THE SOLE AND EXCLUSIVE REMEDIES FOR A PARTY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY SHALL UNDER ANY CIRCUMSTANCES BE LIABLE FOR CONSEQUENTIAL DAMAGES, WHETHER BY STATUTE, IN TORT OR CONTRACT OR OTHERWISE. THE LIMITATIONS IN THIS SECTION IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES SHALL BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY AND STRICT LIABILITY. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

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

11.8 Further Assurances. Subject to the terms and conditions set forth in this Agreement, each of the Members shall use all commercially reasonable efforts to execute such agreements, instruments and other documents and to take or cause to be taken such further actions as may be reasonably required or desirable to consummate and give full force and effect to the transactions contemplated hereby.

11.9 Successors and Assigns. The rights and obligations of any party hereto under this Agreement may not be assigned except in compliance with Article IX hereof. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective successors and permitted assigns.

11.10 Third Party Beneficiaries. The provisions of this Agreement shall only be for the benefit of, and enforceable by, the Company and its Members and shall not inure to the benefit of or be enforceable by any third party, except that the Members agree that any Indemnatee shall be entitled to assert rights and remedies under Section 7.13 as a third-party beneficiary thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representative as of the date first above written.

BOARDWALK PIPELINES, LP

By: Boardwalk Operating GP, LLC, its general partner

By: Boardwalk Pipeline Partners, LP, its Sole Member

By: Boardwalk GP, LP, its General Partner

By: Boardwalk GP, LLC, its General Partner

By _____
Name: _____
Title: _____

BOARDWALK PIPELINES HOLDING CORP.

By: _____
Name: _____
Title: _____

EXHIBIT A
MEMBERS

Membership Interests

<u>Name and Address of Member</u>	<u>Initial Capital Contribution</u>	<u>Initial Equity Percentage Interest</u>
Boardwalk Pipelines, LP 9 Greenway Plaza, Suite 2800 Houston, TX 77046 Attn: Michael E. McMahon Telephone: 713-479-8059 Facsimile: 866-459-7336	\$5,500,000 cash	20%
Boardwalk Pipelines Holding Corp. 667 Madison Avenue New York, NY 10021 Attention: Gary W. Garson Telephone: (212) 521-2932 Facsimile: (212) 521-2997	\$22,000,000 cash	80%

October 16, 2011

Boardwalk Pipelines Holding Corp.
9 Greenway Plaza, Suite 2800
Houston, Texas 77046

Gentlemen:

Reference is made to that certain Limited Liability Company Agreement (the "LLC Agreement") of Boardwalk HP Storage Company, LLC (the "Company"), dated October 16, 2011, between Boardwalk Pipelines, LP ("Boardwalk") and Boardwalk Pipelines Holding Corp. ("BPHC"). Capitalized terms used and not otherwise defined herein have the meanings provided in the LLC Agreement.

As an inducement for BPHC to enter into the LLC Agreement and to fund its pro rata share of the anticipated Capital Contributions to the Company to pay the purchase price and related expenses for the proposed acquisition by the Company of Crystal Holding, L.L.C. pursuant to that certain Purchase and Sale Agreement dated October 16, 2011 between Enterprise GTM Holdings L.P. and the Company, Boardwalk and BPHC hereby agree as follows:

1. Commencing in 2014, Boardwalk will make an annual payment to BPHC (the "Annual Payment") in the amount described below. The Annual Payment will accrue from and after January 1, 2014 and be payable in arrears on the last business day of each calendar year thereafter, until the Termination Date (as defined below).
2. The Annual Payment shall accrue, on a daily basis, based on actual days elapsed, at the annual rate of one percent (1%) of BPHC's Net Capital Contributions to the Company, where "BPHC's Net Capital Contributions" means an amount equal to BPHC's aggregate cash Capital Contributions to the Company, less the aggregate cash purchase price paid by Boardwalk to BPHC in one or more transactions to purchase BPHC's Membership Interests.
3. At such time as BPHC's ownership interest in the Company has been reduced to zero and all accrued and unpaid Annual Payments have been paid to BPHC in full (the "Termination Date"), the Annual Payment will cease to accrue and this letter agreement shall terminate and be of no further force and effect.
4. For the avoidance of doubt, the parties hereto agree that the federal income tax consequences of the payments set forth herein shall be determined by Boardwalk and BPHC in their individual capacities and not in their capacity as partners in the Company.

Exhibit 10.5

Boardwalk Pipelines Holding Corp.

October 16, 2011

Page 2 of 2

Very truly yours,

BOARDWALK PIPELINES, LP

By: Boardwalk Operating GP, LLC, its general
partner

By: _____

Name: _____

Title: _____

ACCEPTED AND AGREED TO:

BOARDWALK PIPELINES HOLDING CORP.

By: _____

Name: _____

Title: _____

EXHIBIT 31.1

I, Stanley C. Horton, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Boardwalk Pipeline Partners, LP;
- 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) 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 (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2011

/s/ Stanley C. Horton

Stanley C. Horton

Chief Executive Officer and Director

EXHIBIT 31.2

I, Jamie L. Buskill, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Boardwalk Pipeline Partners, LP;
- 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) 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 (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2011

/s/ Jamie L. Buskill

Jamie L. Buskill

Senior Vice President, Chief Financial Officer and Treasurer

**Certification by the Chief Executive Officer
of
Boardwalk GP, LLC
pursuant to 18 U.S.C. Section 1350
(as adopted by Section 906 of the Sarbanes-Oxley Act of 2002)**

Pursuant to 18 U.S.C. Section 1350, the undersigned chief executive officer of Boardwalk GP, LLC hereby certifies, to such officer's knowledge, that the quarterly report on Form 10-Q for the period ended September 30, 2011, (the Report) of Boardwalk Pipeline Partners, LP (the Partnership) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

November 1, 2011

/s/ Stanley C. Horton
Stanley C. Horton
Chief Executive Officer and Director
(principal executive officer)

**Certification by the Chief Financial Officer
of
Boardwalk GP, LLC
pursuant to 18 U.S.C. Section 1350
(as adopted by Section 906 of the Sarbanes-Oxley Act of 2002)**

Pursuant to 18 U.S.C. Section 1350, the undersigned chief financial officer of Boardwalk GP, LLC hereby certifies, to such officer's knowledge, that the quarterly report on Form 10-Q for the period ended September 30, 2011, (the Report) of Boardwalk Pipeline Partners, LP (the Partnership) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

November 1, 2011

/s/ Jamie L. Buskill

Jamie L. Buskill

Senior Vice President, Chief Financial Officer and Treasurer
(principal financial officer)