SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)
[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997
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 0-19989

FM Properties Inc.
(Exact name of Registrant as specified in Charter)

Delaware	72-1211572
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

98 San Jacinto Blvd., Suite 220
Austin, Texas 78701
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (512) 478- 5788

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

None

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

Common Stock Par Value $0.01 per Share
Preferred Stock Purchase Rights

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.___

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $92,880,000 on March 18, 1998.

On March 18, 1998, 14,288,270 shares of Common Stock, par value $0.01 per share, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement to be submitted to the registrant's stockholders in connection with its 1998 Annual Meeting to be held on May 14, 1998, are incorporated by reference into Part III of this Report.

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PART I

Item 1. Business

OVERVIEW

FM Properties Inc., a Delaware corporation ("FMPO" or the "Company"), was organized in March 1992 and operates through FM Properties Operating Co., a Delaware general partnership (the "Partnership"). Until December 1997 FMPO owned a 99.8 percent general partnership interest and Freeport-McMoRan Inc., which also served as the Partnership's Managing General Partner ("FTX"), owned a 0.2 percent general partnership. In December 1997 the Company acquired all of FTX's interest in the Partnership (see "Recent Developments" below). The Partnership was formed to hold, operate and develop substantially all domestic oil and gas properties of, and substantially all domestic real estate then held for development by, FTX and certain of its subsidiaries. The Partnership also assumed substantially all of the liabilities related to such assets, including approximately $500 million of indebtedness, substantially

all of which was guaranteed by FTX. The Partnership subsequently has sold all of its oil and gas properties and currently is engaged in the development and marketing of real estate in the Austin, Dallas, Houston and San Antonio, Texas areas.

FMPO is engaged in the acquisition, development and sale of commercial and residential real estate properties, all of which are located in the state of Texas. FMPO's principal real estate holdings in the Austin, Texas area currently consist of approximately 3,000 acres of undeveloped residential, multi-family and commercial property within the Barton Creek development, approximately 1,300 acres of undeveloped commercial and multi-family property within the Circle C Ranch development in Austin, and approximately 500 acres of undeveloped residential, multi-family and commercial property known as the Lantana tract, south of and adjacent to the Barton Creek development in Austin.

FMPO also owns or has interests in approximately 300 developed lots, 200 acres of undeveloped residential property and 75 acres of undeveloped commercial and multi-family property located in Dallas, Houston and San Antonio, Texas that are being actively marketed. See Item 2. "Properties." These real estate interests are managed by professional real estate developers who have been retained to provide master planning, zoning, permitting, development, construction and marketing services for the properties. Under the terms of these agreements, operating expenses and development costs, net of revenues, are funded by the Partnership, and the developers are entitled to a management fee and a 25% interest in the net profits, after recovery by the Partnership of its investments and a stated return, resulting from the sale of properties under their management.

Pursuant to a joint venture agreement between FMPO and IMC-Agrico Company ("IMC-Agrico"), a joint venture between Phosphate Resource Partners Limited Partnership, an affiliate of IMC Global Inc. ("IGL"), and IGL, the Company may also participate in the potential future development of up to approximately 171,000 acres of land in Florida owned by IMC-Agrico that has been or will be reclaimed following completion of IMC-Agrico's mining activities on the properties. No significant development activity is expected in Florida in the near future.

COMPANY STRATEGIES

Since the formation of the Company, the primary objective of managing, developing and operating the Partnership's assets has been the reduction of its indebtedness and the elimination the FTX debt guarantee in order to establish the Company as an independent, stand-alone entity. During 1996 and 1997, the Partnership was able to sell a substantial number of properties in the Austin area because of several positive legislative and judicial developments. As a result, the Partnership generated significantly higher operating cash flows, which enabled it to reduce its debt by $63 million during 1996 and $21 million during 1997. Outstanding debt was $37.1 million at December 31, 1997.

In December 1997, the Company restructured its credit agreement and purchased that portion of the Company's operating partnership which it did not previously own. These events enabled FMPO to become an autonomous company, reduced restrictions on the Company's business activities and allowed it to pursue its long standing objective of establishing a long-term, self-supporting capital structure for the Company. In addition, in March 1998, FMPO signed a letter of intent with Olympus Real Estate Corporation to form a strategic alliance to develop certain of the Company's existing properties and to jointly pursue new acquisition and development activities throughout the United States. These

transactions are discussed in more detail below under the headings, "Recent Developments" and "Proposed Transaction with Olympus".

FMPO is continuing to focus its efforts on reducing the Company's debt and increasing its return on stockholder equity. Key

factors in accomplishing these goals include:

* FMPO intends to maintain its current sales momentum at Barton Creek, and enhance the value of its Austin properties by developing and building its own products for sale or investment. These future developments may be through joint ventures or wholly owned by the Company. To that end, it has set in motion a 1998 capital program of over $25 million, which includes the first phase of an office project at its Lantana Corporate Center, and several new subdivisions surrounding a new Tom Fazio designed golf course being constructed on its Barton Creek project. The new capital provided by the proposed Olympus transaction is intended to enable the Company to concentrate on the development of its core assets in Austin, limiting the need for future tract sales to subdevelopers and thereby increasing the Company's potential returns from these core assets.

* The Company believes that it has the right to receive in the future up to $40 million in reimbursement of certain of its prior utility development costs. Substantial additional costs eligible for reimbursement will be incurred in the future as development continues. During the past twelve months the initial bond issues from two of the seven Barton Creek Municipal Utility Districts ("MUDs") have been issued, resulting in approximately $4 million being received by the Company. In addition, the Company is in litigation to collect almost $25 million in Circle C MUD reimbursements. See Item 3, "Legal Proceedings," for more details on that matter.

* The Company is again facing significant challenges to the development entitlements of its core properties in Austin, which are more fully discussed under Item 3, "Legal Proceedings." FMPO will continue to vigorously defend its rights to the development entitlements of all its properties, but it is anticipated that the City of Austin's continuing aggressive attempts to restrict growth in the area of FMPO's holdings may have a negative effect on the level of the Company's near term development and sales activity.

* FMPO will continue to evaluate new opportunities in its existing markets, including Dallas, Houston and San Antonio, as well as elsewhere, in an effort to diversify its holdings both geographically and by type of product.

The transactions described under the heading "Recent Developments" below have increased FMPO's autonomy over its operations and short-term financial flexibility. However, significant cash inflows are required to fund FMPO's necessary development capital expenditures and debt reduction requirements under its new credit agreement. In addition, FMPO anticipates continued challenges to its development entitlements from the City of Austin (the "City") and special interest groups which may result in delays and higher development costs requiring additional capital. See Item 3, "Legal Proceedings." FMPO is pursuing various means of raising capital, including equity and subordinated debt investments and through joint ventures and recently entered into a letter of intent for such purposes. See "Recent Developments" and "Proposed Transaction with Olympus" below. The future performance of FMPO continues to be dependent on its cash flows from real estate sales, which will be significantly affected by future real estate values, development costs, future interest rate levels and the ability of the Company to continue to protect its land use and development entitlements. FMPO will be required to actively pursue all of its alternatives in order to generate sufficient cash flow or obtain sufficient funds to carry out its development programs and make required interest and principal payments under the new credit agreement.

RECENT DEVELOPMENTS

On December 22, 1997, FTX merged into IGL (the "Merger"). In connection with the Merger, FTX sold its 0.2 percent interest as Managing General Partner of the Partnership to FMPO and a wholly-owned subsidiary of FMPO for $100,000. In addition, FMPO restructured its bank credit agreement to extend its term to January 1, 2001, with staged reductions of credit available under the bank

credit agreement through the term, beginning with available credit of $50 million through December 31, 1998, $35 million through December 31, 1999, and $15 million through December 31, 2000. On January 1,

2001, availability under this credit agreement will be eliminated. The new credit agreement is guaranteed by IGL, which became guarantor in place of FTX as a result of the Merger. As a result, while FMPO will continue to be required to comply with the terms of the guarantee of its debt by IGL, it is no longer restricted by FTX's rights as Managing General Partner of the Partnership. In recognition of the Company's increased autonomy and its independence from FTX, FMPO has proposed to change the Company's name to Stratus Properties Inc. which is subject to shareholder approval.

Significant development capital expenditures remain for FMPO's Austin-area properties prior to their eventual sale. While bank financing for further development of existing properties currently is available, bank financing for undeveloped land purchases generally is expensive and difficult to obtain. These factors, combined with the debt reduction requirements under the new credit agreement, could impede FMPO's ability to develop its existing properties and expand its business. As a result, FMPO has pursued a number of capital raising alternatives, including equity sales, formation of joint ventures with third parties, various forms of debt financing and other means. In March, 1998 FMPO announced the signing of a letter of intent to form a strategic alliance with Olympus Real Estate Corporation, an affiliate of Hicks, Muse, Tate & Furst Incorporated ("Olympus"), for the development of certain of FMPO's existing properties as well as new acquisition opportunities throughout the United States. Under this alliance Olympus would provide up to $70 million in financing to FMPO. See "Proposed Transaction with Olympus" below. This transaction is subject to completion of due diligence, negotiation of definitive agreements and approval by FMPO's Board of Directors. While FMPO believes these efforts will successfully address the capital resource needs discussed above, there can be no assurance that FMPO will generate sufficient cash flow or obtain sufficient funds to make required interest and principal payments under the new credit agreement.

REGULATION AND ENVIRONMENTAL MATTERS

FMPO's real estate investments are subject to applicable local, city, county and state rules and regulations regarding permitting, zoning, subdivision, utilities and water quality as well as federal rules and regulations regarding air and water quality and protection of endangered species and their habitats. Such regulation has delayed and will likely continue to delay development of the Company's properties and result in higher developmental and administrative costs. See Item 3, "Legal Proceedings."

The Company is making, and will continue to make, expenditures with respect to its real estate development for the protection of the environment. Emphasis on environmental matters will result in additional costs in the future. Upon analysis of its operations in relation to current and presently anticipated environmental requirements, the Company does not anticipate that these costs will have a significant adverse impact on its future operations or financial condition.

EMPLOYEES

Since January 1, 1996, a Delaware corporation currently owned 10 percent by FMPO (the "Services Company"), has provided executive, accounting, legal, financial, tax, insurance, personnel and management information and similar services pursuant to a services agreement between the Company and the Services Company (the "Services Agreement"). The Services Agreement is terminable by FMPO at any time upon 90 days' notice. Since July 1995, these services have been provided for an annual fee of $500,000, subject to annual cost of living increases beginning in the first quarter of 1997. Effective January 1, 1998, the Services Agreement was modified to

provide that such services would be provided prospectively on a cost reimbursement basis.

At December 31, 1997, the Company had a total of 8 employees, who manage the Company's operations and supervise the functions of Services Company personnel under the Services Agreement.

IGL DEBT GUARANTEE

FMPO's acquisition of FTX's 0.2 percent general partner interest in the Partnership and replacement of the FTX debt guarantee has eliminated the rights previously held by FTX as Managing General Partner. As financial guarantor of FMPO's new credit agreement, IGL receives an annual fee equal to the difference between FMPO's cost of LIBOR-funded borrowings before the assumption of the guarantee by IGL and the rate on LIBOR-funded loans under the new agreement. This fee was 60 basis points (0.6%) as of December 31, 1997. FMPO has granted liens in favor of IGL on certain of its properties as security for the guarantee. These liens would be released for property sales, subject to certain restrictions. Additionally, under the guarantee terms FMPO cannot amend or refinance the credit facility without IGL's consent.

PROPOSED TRANSACTION WITH OLYMPUS

On March 2, 1998 FMPO and Olympus entered into a letter of intent to form a strategic alliance to develop certain of FMPO's properties and to pursue new real estate acquisition and development opportunities. Under the terms of the letter of intent, Olympus would make a $10 million investment in an FMPO mandatorily redeemable equity security, provide a $10 million convertible debt financing facility to FMPO and make available up to $50 million of capital for its share of direct investments in joint FMPO/Olympus projects. Olympus would also have the right to designate for nomination 20 percent of FMPO's Board of Directors.

The $10 million mandatorily redeemable equity security would have a par value of $5.84 per share, the average closing price of FMPO common stock during the 30 trading days ending March 2, 1998. FMPO would use the proceeds from the sale of these securities to repay debt. These securities would share any dividends or distributions ratably with the FMPO common stock, which currently pays no dividend, and would be redeemable (i) at the option of the holder at any time after the third anniversary of the closing for an amount per share approximating the economic benefit that would have accrued had the shares been converted into common stock on a one-to-one basis and sold (the "common stock equivalent value") or (ii) at the option of FMPO after the fifth anniversary (but in no event later than the sixth anniversary) for the greater of their common stock equivalent value or their par value per share, plus accrued and unpaid dividends, if any. FMPO would have the option to satisfy the redemption with shares of its common stock, subject to certain limitations.

The $10 million convertible debt facility would be available to FMPO in whole or in part for a period of six years after closing to finance FMPO's equity investment in new FMPO/Olympus joint venture opportunities in properties not currently owned by FMPO. The interest rate on this facility would be 12 percent per year, and at Olympus's option, interest would be payable quarterly, or accrued and added to principal. Outstanding principal under the facility would be convertible at any time into FMPO common stock at a conversion price of $7.31, which is 125 percent of the average closing price of FMPO common stock during the 30 trading days ending March 2, 1998. If not converted into common stock, the convertible debt would be repaid on the sixth anniversary of the closing. If the combination of interest at 12 percent and the value of the conversion right does not provide Olympus with at least a 15 percent annual return on the convertible debt, FMPO would pay Olympus additional interest upon retirement of the convertible debt in an amount necessary to yield a 15 percent annual return. The convertible debt would be non-recourse to FMPO and would be secured solely by FMPO's interest in FMPO/Olympus joint venture opportunities financed with the proceeds of the convertible debt.

For a three-year period after the closing, Olympus would make available up to $50 million for its share of capital for direct investments in FMPO/Olympus joint acquisition and development activities. For the three-year period, FMPO would provide Olympus with a right of first refusal to participate for no less than a 50 percent interest in all new acquisition and development projects on properties not currently owned by FMPO, as well as development opportunities on existing properties in which FMPO seeks third-party equity participation.

The transaction is expected to close in the second quarter of 1998 and is subject to the completion of due diligence, negotiation of definitive agreements and approval of FMPO's Board of Directors.

CAUTIONARY STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report, including, without limitation, the statements under the headings "Business," "Properties," "Market for Registrant's Common Equity and Related Stockholder Matters," and "Management's Discussion and Analysis of Financial Condition and Results of Operations and Disclosures about Market Risks" regarding FMPO's financial position and liquidity, payment of dividends, strategic plans, future financing plans, development and capital expenditures, business strategies, and other plans and objectives of management of the Company for future operations and activities, are forward-looking statements.

Although FMPO believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from FMPO's expectations are disclosed in this report including, without limitation, in conjunction with the forward-looking statements included in this report. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including the risk factors discussed below, and in the Company's other filings with the Securities and Exchange Commission (the "Commission"), general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Readers are cautioned that any such statements are not guarantees of future performance and the actual results or developments may differ materially from those projected in the forward-looking statements. All subsequent written and oral forward-looking statements attributable to FMPO or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Performance of the Real Estate Industry

The real estate activities of the Company are subject to numerous factors outside of the control of management, including local real estate market conditions (both where its properties are located and in areas where its potential customers reside), substantial existing and potential competition, the cyclical nature of the real estate business, general national economic conditions, fluctuations in interest rates and mortgage availability and changes in demographic conditions. Real estate markets have historically been subject to strong periodic cycles driven by numerous factors beyond the control of market participants.

Real estate investments are relatively illiquid and market values may be adversely affected by these economic circumstances, market fundamentals, competition and demographic conditions. Because of the effect of these factors on real estate values, it is difficult

to predict with certainty the level of future sales or sales prices that will be realized for individual assets.

Financing

Substantial reductions in the Company's debt have been made since its formation in 1992 and the Company's debt recently has been restructured. However, significant cash inflows are required in order to fund FMPO's necessary development capital expenditures and debt reduction requirements under the new credit agreement. FMPO has pursued a number of capital raising alternatives, including equity sales, formation of joint ventures with third parties, various forms of debt financing and other means. The Company's future performance continues to be dependent on future cash flows from real estate sales, and there can be no assurance that FMPO will generate sufficient cash flow or otherwise obtain sufficient funds to make required interest and principal payments under the new credit agreement.

Although all of the Company's outstanding bank debt subject to the terms of the bank credit facility is currently guaranteed by IGL, there is no commitment by IGL to guarantee any such debt after December 2000, and there is no expectation that any such further guarantee will be provided.

The Company's real estate operations are also dependent upon the availability and cost of mortgage financing for potential customers, to the extent they finance their purchases, and for buyers of

the potential customers' existing residences.

Regulatory Approval

Before the Company can develop a property, it must obtain a variety of approvals from local and state governments with respect to such matters as zoning, density, parking, subdivision, architectural design and environmental issues. Because of the discretionary nature of these approvals and the concerns about development in the areas where FMPO's properties are located often raised by various government agencies and special interest groups during the approval and development processes, the Company's ability to develop properties and realize future income from its projects could be delayed, reduced or prevented.

The City of Austin and certain special interest groups have long opposed certain of the Company's plans in the Austin area and have also taken various other actions to partially or completely restrict development in certain areas, including the Company's properties. See Item 3, "Legal Proceedings." These actions are being actively opposed by FMPO and other interested parties, and management does not believe unfavorable rulings will have an adverse effect on the overall value of the Company's property holdings. However, because of the regulatory environment that continues to exist in the Austin area, there can be no assurance that such expectations will prove to have been correct. A more complete discussion of these matters is set forth under Item 3, "Legal Proceedings."

Environmental Regulation

Real estate development is subject to state and federal regulations and to possible interruption or termination on account of environmental considerations, including, without limitation, air and water quality and protection of endangered species and their habitats. Certain of the Barton Creek properties includes nesting territories for the Golden Cheek Warbler, a federally listed endangered species. In February 1995 the Company received a permit from the U.S. Wildlife Service pursuant to the Endangered Species Act (the "ESA"), which to date has allowed the development of the Barton Creek properties, free of restrictions under the ESA related to the maintenance of habitat for the Golden Cheek Warbler. Additionally, in April 1997, the U.S. Department of Interior ("DOI") listed the Barton Springs Salamander as an endangered species after a federal court overturned a March 1997 decision by the DOI not to

list the Barton Springs Salamander based on a conservation agreement between the State of Texas and federal agencies. The listing of the Barton Springs Salamander is not anticipated to affect the Company's Barton Creek and Lantana properties for several reasons, including the results of recent technical studies and the Company's U.S. Fish and Wildlife Service 10(a) permit obtained in 1995. The Company's Circle C properties could, however, be affected, although the extent of any impact cannot be determined at this time. Special interest groups have provided written notice of their intention to challenge the Company's 10(a) permit and compliance with water quality regulations.

The Company is making, and will continue to make, expenditures with respect to its real estate development for the protection of the environment. Emphasis on environmental matters will result in additional costs in the future.

Effect of Competition

The Company's business is highly competitive. A large number of companies and individuals are engaged in the real estate business, and many of them possess financial resources greater than those of the Company. In each of the Company's markets it competes against local developers who are committed primarily to particular markets and also against national developers who acquire properties throughout the United States.

Geographic Concentration and Dependence on the Texas Economy

The Company's real estate activities are located entirely in the Austin, Dallas, Houston and San Antonio, Texas areas. Because of the Company's geographic concentration and limited number of projects, its operations are more vulnerable to local economic downturns and adverse project-specific risks than those of larger, more diversified companies.

The performance of the Texas economy affects sales of FMPO's properties and consequently has an impact on the income derived from the Company's real estate activities and the underlying values of property owned by FMPO. While the Texas economy has remained healthy in recent years, there can be no assurance that this trend will continue.

Natural Risks

The Company's performance may be adversely affected by weather conditions that delay development or damage property.

Item 2. Properties

The following table provides information on the Company's holdings, including its existing inventory of finished lots and acreage to be developed. The acreage to be developed in the future is broken down into anticipated uses for single family lots, multifamily units and commercial development based upon the Company's understanding of the properties' existing entitlements. However, there is no assurance that the undeveloped acreage will be so developed due to the nature of the approval and development process and market demand for a particular use. See Item 3, "Legal Proceedings," for more details.

		Potential Development Acreage			
	Developed Lots	Single Family	Multifamily	Commercial	Total
Location					
Austin					
Barton Creek	5	1,549	249	673	2,471
Lantana	-	154	36	323	513

Circle C	-	-	212	1,062	1,274
Dallas					
Bent Tree	54	-	18	2	20
Willow Bend	79	-	-	-	-
Houston					
Copper Lakes	142	169	-	-	169
San Antonio					
Camino Real	21	30	54	-	84
Total	301	1,902	569	2,060	4,531

Item 3. Legal Proceedings

SOS Ordinance Litigation

Prior to 1995, development of the Company's Austin area properties had been delayed because of disagreements with the City of Austin (the "City") over various ordinances. In 1995, a Texas district court ruled in favor of FMPO, declaring that a restrictive 1992 water quality ordinance enacted by public initiative (the "SOS Ordinance") was void and that the Company was entitled to develop its Barton Creek and Circle C properties based on ordinances that were in effect at the time of its initial development permit applications. The City appealed this decision, and in 1996 the Texas Court of Appeals overturned the favorable district court ruling that invalidated the SOS Ordinance, but upheld the district court's favorable ruling regarding certain grandfathered rights for previously platted land. A significant portion of the Barton Creek and Circle C properties was previously platted and met the requirements to benefit from these grandfathered rights. An application for Writ of Error was filed with the Texas Supreme Court in January, 1997. The Writ of Error was accepted by the Texas Supreme Court and oral argument was heard on November 3, 1997. The Texas Supreme Court has not yet issued its decision. An unfavorable final judgment could have an adverse effect on any portion of the Company's property which cannot be

developed under grandfathered entitlements (see "Legislative Developments," below) or which has not been removed from the jurisdiction of the City pursuant to the water quality protection zones at Barton Creek (the "Barton Creek WQPZ") and at Circle C (the "Circle C WQPZ," see below).

Southwest Travis County Water District Litigation

The Company's property in the Circle C development, comprising approximately 1,300 acres of undeveloped commercial and multi-family property, is located in the Southwest Travis County Water District (the "STCWD"). The STCWD is a conservation and reclamation district created by the Texas Legislature in 1995 for the purpose of conserving water resources and with authority to establish a water pollution control and abatement program meeting state criteria. Development within the STCWD is required to meet the STCWD's criteria and is exempt from municipal regulation. In October 1997, a Texas district court rendered final judgment that the legislation creating the STCWD was unconstitutional. The STCWD has filed an appeal, but no decision has yet been issued. The Company does not expect the validity of the STCWD will be upheld on appeal and has implemented an alternative strategy of creating the Circle C WQPZ to maximize development potential of 553 acres of its Circle C property (see "Circle C WQPZ Litigation," below). The Company's strategy with respect to the balance of its Circle C property holdings (outside the Circle C WQPZ), approximately 700 acres, is to expedite reimbursement of $25 million in previously incurred reimbursement infrastructure costs from the City by not opposing the City's annexation of the 700 acres (see "Annexation Litigation," below).

Annexation Litigation

On December 19, 1997, the City enacted an ordinance purporting to annex all land lying within the STCWD. Prior to the City's enactment of its annexation ordinance, the Company created the Circle C WQPZ (see below). As a result, the Company's 553 acres located within the Circle C WQPZ, which comprises all of the Company's land in the Circle C project other than the land within the Circle C municipal utility districts (the "MUDs"), was not eligible for annexation. Annexation subjects that portion of the Company's property located within the MUDs (approximately 700 acres), which has been annexed by the City, to the City's zoning and development regulations. In connection with annexation, the City has imposed an interim zoning classification on the approximately 700 acres permitting only one residential unit per acre, which results in significantly less development yield than the Company previously anticipated. However, consistent with the Company's strategy, annexation of the Company's property located within the MUDs requires the City to assume all MUD debt and reimburse the Company, simultaneously with the annexation, for a significant portion of previously incurred costs of water, wastewater and drainage infrastructure which could result in reimbursement of these costs much earlier than the Company initially anticipated. These reimbursable costs are estimated to be approximately $25 million. Because the City failed to pay these costs on December 19, 1997, the Company filed suit against the City to compel reimbursement of these amounts. The suit was promptly set for trial but subsequently stayed pending resolution of suits brought by the MUDs and other third parties challenging the validity of the City's purported annexation. Certain of those underlying third-party challenges have now been resolved and the Company has filed a motion to lift the stay to permit trial to proceed. The motion is scheduled for hearing on April 16. Although the Company expects to ultimately receive payment from the City, the City may continue to resist payment.

Circle C WQPZ Litigation

The Company owns approximately 553 acres in the Circle C development outside the boundaries of any MUD. In order to permit development of this property, the Company filed a water quality protection zone covering its 553 acres (the "Circle C WQPZ"). Such water quality protection zones ("WQPZ") permit development of defined areas outside of municipalities if such development conforms to state-approved water quality standards under plans approved by the Texas Natural Resource Conservation Commission ("TNRCC"). The law also restricts adjoining municipalities from attempting to enforce land use or development ordinances inconsistent with the requirements of the WQPZ or annexing any portion of the WQPZ prior to the earlier of completion of 90 percent of infrastructure construction or 20 years after creation of the WQPZ. The creation of the Circle C WQPZ was intended to permit the Company to develop its 553 acres in accordance with the water quality standards required by the Circle C WQPZ rather than the requirements of the City, and to confirm that effect the Company initiated a lawsuit in Hays County in November 1997 seeking a declaratory judgment confirming the validity of the Circle C WQPZ and the invalidity of the City's attempt to annex land within the Circle C WQPZ. The City filed a motion to transfer venue from Hays County to Travis County and, in addition, argued that the Hays County District Court had no jurisdiction pending consideration of the Circle C WQPZ's water quality plan by the TNRCC.

On December 18, 1997, the TNRCC approved the Circle C WQPZ's water quality plan. On January 12, 1998, the Hays County District Court denied the City's motion to transfer venue and all other requested relief. The Company has filed a motion for summary judgement in the Hays County litigation, which is scheduled to be heard on March 30, subject to the Texas Supreme Court's decision as to whether the City's interlocutory appeal of the District Court's denial of the City's plea to the jurisdiction abates the summary judgment hearing. A favorable result in this litigation, which the Company expects, would confirm that the City's attempt to annex the Company's 553 acres in the Circle C WQPZ was invalid and that development of the 553 acres is not subject to City

development regulations. An unfavorable ruling, which is not expected, would mean that the Circle C WQPZ was invalid and that the 553 acres is annexed, and subject to the City zoning and other regulatory authority, which could diminish the development potential of this property in the same manner as the approximately 700 acres discussed above (see "Annexation Litigation").

Legislative Developments

In the most recent legislative session of the Texas State legislature, a bill to reorganize a state governmental agency inadvertently repealed the provisions of law that established grandfathered rights for land which was platted or in the permitting process. The Company, based on an opinion from counsel, has taken the position that under Texas law, previously vested rights for the Company's property holdings are not affected by the repeal of this statute. The City, however, does not recognize any grandfathered entitlements arising under the repealed law and, in response to the repeal, enacted an ordinance effective September 5, 1997, establishing interim regulations on land development. It is anticipated that the City will enact a final ordinance and may attempt to apply it to portions of the Company's Circle C and Lantana properties. Should the City take this position, the Company anticipates asserting and defending its grandfathered entitlements. In the event the City were to prevail, portions of the Company's property would be subject to the City's current restrictive ordinances and development potential would be significantly reduced. During the last three sessions of the Texas legislature, legislation has been enacted to provide landowners relief from overly-aggressive attempts by municipalities to regulate land development in an effort to prevent growth. Much of that past legislation has been enacted to address abusive or unauthorized municipal land use regulations of the type adopted by the City. The Company anticipates that during the next session of the Texas legislature, beginning in January 1999, the Texas legislature will once again review and address inappropriate municipal land use regulation designed to prevent growth and development.

Other Matters

During February 1997, FMPO filed a petition for declaratory judgment against Phoenix Holdings, Ltd. in order to secure its ownership of approximately $25 million of MUD reimbursements that pertain to existing infrastructure that serves the Circle C development. Phoenix filed a counter claim against Circle C in June 1997. On February 20, 1998, the District Court granted the Company's motion for summary judgment on the primary case and subsequently, Phoenix Holdings, Ltd. dismissed its counterclaims with prejudice, but reserved the right to appeal the summary judgment of the primary case.

On January 9, 1998, the City filed a lawsuit (the "Travis County Suit") in Travis County District Court against 14 water quality zones and their owners, including the Barton Creek WQPZ. The City challenges the constitutionality of the legislation authorizing the creation of water quality zones. This same issue is being litigated in the lawsuit initiated by the Company discussed under Circle C WQPZ Litigation, above. The Attorney General of Texas has agreed to intervene in both the Travis County Suit and the suit in the Circle C WQPZ Litigation above, to defend the legislation. Although not expected, a court decision that the legislation authorizing WQPZs is invalid would diminish and delay development of portions of the Barton Creek project and the Company's land located in the Circle C WQPZ.

In April 1997, the U.S. Department of Interior ("DOI") listed the Barton Springs Salamander as an endangered species after a federal court overturned a March 1997 decision by the DOI not to list the Barton Springs Salamander based on a conservation agreement between the State of Texas and federal agencies. The listing of the Barton Springs Salamander is not anticipated to affect the Company's Barton Creek and Lantana properties for several reasons, including the results of recent technical studies and the Company's U.S. Fish and Wildlife Service 10(a) permit obtained in 1995. The Company's Circle C properties could, however, be affected, although the extent

of any impact cannot be determined at this time. Special interest groups have provided written notice of their intention to challenge the Company's

10(a) permit and compliance with water quality regulations. The Company believes these challenges are meritless and will continue to protect its entitlements.

Austin's Continuing Efforts to Restrict and Redirect Growth

Although the Company expects a favorable result in the Circle C litigation confirming the validity of the Circle C WQPZ (see above), the Company expects the City may continue to assert claims that it has regulatory jurisdiction over development within the Circle C WQPZ and that additional litigation may be necessary to preserve development entitlements. Recently, one of Austin's largest employers, Motorola Inc., contracted to purchase approximately 167 acres of the Company's commercial land located in the Circle C WQPZ for development of a campus facility bringing thousands of jobs to the Circle C community. Even though not required, Motorola agreed to develop its campus facility in strict accordance with the City's regulations, including the SOS Ordinance. Certain City representatives publically asserted zoning and development authority over Motorola's selected site and indicated that Motorola would not receive the City development and zoning approvals that the City asserts are needed to develop the campus project even if all ordinance requirements would be fully satisfied. After meetings with City representatives and members of the SOS Alliance (a special interest group), Motorola elected to terminate its contract with the Company. As a consequence, the Company lost a significant sale. Austin recently elected a council strongly opposed to development in the southwest sector of Austin and the Company anticipates that in the future, the City will use similar tactics to those is used in the Motorola incident to restrict growth in the southwest corridor. For example, the City recently announced its "Smart Growth" program designed to direct growth away from the southwest sector of the City towards the "Desired Development Zone," an area located generally in the northern and eastern sections of Austin. Consistent with its Smart Growth program, in March 1998, the City announced a proposed bond sale to raise funds to acquire land in the southwest corridor, which it refers to as the "Barton Creek Zone," for the purported purpose of protecting the Edwards Aquifer. The Circle C project is within the Barton Creek Zone. The Company anticipates that the City will continue its efforts to impose development regulations limiting development in an effort to reduce the value of land it has targeted to acquire for the Barton Creek Zone. As it has been compelled to do during the last several years, the Company anticipates having to continue to be involved in litigation to protect its entitlements and maximize the developability and value of its properties. The Company anticipates that it will continue to successfully develop and market its properties during the pendency of its disputes with the City of Austin.

The Company maintains liability insurance to cover some, but not all, potential liabilities normally incident to the ordinary course of its businesses as well as other insurance coverage customary in its business, with such coverage limits as management deems prudent.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Executive Officers of the Registrant

Certain information, as of March 2, 1998, regarding the executive officers of the Company is set forth in the following table and accompanying text.

Name	Age	Position or Office
Richard C. Adkerson	51	Chairman of the Board and Chief Executive Officer

W. H. Armstrong, III	33	President, Chief Operating Officer and Chief Financial Officer
John G. Amato	54	General Counsel

Mr. Adkerson has served as Chairman of the Board of the Company since March 1992 and Chief Executive Officer of the Company since May 1996. He also serves as President, Chief Operating Officer and Chief Financial Officer of Freeport-McMoRan Copper & Gold Inc. ("FCX"), Vice Chairman of the Board of Freeport-McMoRan Sulphur Inc. ("FSC") and Co-Chairman of the Board and Chief Executive of McMoRan Oil & Gas Co. ("MOXY"). He was Chairman of the Board, President and Chief Executive

Officer of the Company from March 1992 to May 1993 and from August 1995 to May 1996, and Chairman of the Board from May 1993 to August 1995. Mr. Adkerson served as Executive Vice President of FCX from July 1995 to April 1997 and as Senior Vice President of FCX from February 1994 to July 1995. He served as Vice Chairman of the Board of FTX from August 1995 until December 1997 and as Senior Vice President of FTX from May 1992 to August 1995.

Mr. Armstrong has been employed by FMPO since its inception in 1992. He has served as the Company's President and Chief Operating Officer since August 1996 and a Chief Financial Officer since May 1996. He served as Executive Vice President from August 1995 to August 1996. Previously, Mr. Armstrong was a member of the Finance and Business Development Group of FTX with responsibility for real estate activities.

Mr. Amato has served as General Counsel of FMPO since August 1995. He is also General Counsel of MOXY and FSC. Prior to August 1995, Mr. Amato served as General Counsel of FTX and FCX. Mr. Amato currently provides legal and business advisory services to FCX under a consulting arrangement.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock trades on the Nasdaq National Market under the symbol FMPO. The following table sets forth, for the periods indicated, the range of high and low sales prices, as reported by Nasdaq.

	1997		1996	
	High	Low	High	Low
First Quarter	$3 15/16	$2 1/16	$2 7/8	$1 1/2
Second Quarter	3 15/16	2 5/16	2 5/8	2 1/16
Third Quarter	5 7/16	2 13/16	3 1/16	2 1/8
Fourth Quarter	5 3/4	3 1/32	3 1/16	2 3/4

The Company has not in the past and does not anticipate in the foreseeable future paying cash dividends on its common stock. The decision whether or not to pay dividends and in what amounts is solely within the discretion of the Company's board of directors. The Company's ability to pay dividends is restricted by the terms of its credit agreement.

As of March 23, 1998 there were 10,112 record holders of the Company common stock.

Item 6. Selected Financial Data

The following table sets forth selected historical financial data for the Company for each of the five years in the period ended December 31, 1997. The historical financial information is derived from the audited financial statements of the Company and is not necessarily indicative of future results. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations and Disclosures about Market Risks" and the Company's historical financial statements and notes thereto contained elsewhere in this Form 10-K.

	1997(a)	1996	1995	1994(b)	1993
	(In Thousands, Except Per Share Amounts)				
Years Ended December 31:					
Revenues	$ 30,953	$ -	$ -	$ -	$ -
Loss from Partnership	-	(346)	(571)	(118,741)	(24,057)
Operating income (loss)	3,907	(566)	(2,367)	(122,869)	(27,526)
Net income (loss)	7,006	76	153	(86,290)	(18,814)
Net income (loss) per share	.49	.01	.01	(6.04)	(1.32)
Average shares outstanding	14,288	14,286	14,286	14,286	14,286
At December 31:					
Real estate and facilities, net	105,274	-	-	-	-
Investment in the Partnership	-	56,055	56,401	56,972	193,415
Total assets	112,754	60,985	60,897	60,903	193,637
Stockholders' equity	66,607	59,599	59,523	59,370	145,660

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a. Prior to 1997, reflects the Company's investment in the Partnership under the equity basis of accounting. See discussion under "Overview" in Items 7 and 7A below and Note 1 to the financial statements.

b. Includes $115.0 million charge for a write-down of real estate assets.

Items 7. and 7A. Management's Discussion and Analysis of Financial Condition and Results of Operations and Disclosures about Market Risks

OVERVIEW

FMPO's most significant assets include approximately 3,000 acres of primarily undeveloped land in and around the Barton Creek Community located near Austin, Texas (the "City"), and approximately 1,300 acres of undeveloped commercial and multi-family property in the Circle C development located in Austin, Texas. FMPO is also engaged in the development and marketing of real estate in the Dallas, Houston and San Antonio, Texas areas.

On December 22, 1997 Freeport-McMoRan Inc. ("FTX") merged into IMC Global Inc. ("IGL") (the "Merger"). Prior to the Merger, FMPO operated through its 99.8 percent general partnership interest in FM Properties Operating Co., a Delaware general partnership (the "Partnership"). The remaining 0.2 percent general partnership interest was held by FTX, which also served as the Partnership's Managing General Partner. FMPO reflected its investment in the Partnership on the equity basis of accounting because of certain rights held by FTX as managing general partner regarding the Partnership's operations as long as it guaranteed any of the Partnership's debt. In connection with the Merger, FTX sold its 0.2 percent general partnership interest to FMPO and a subsidiary of FMPO for $100,000. FMPO also restructured and consolidated its

existing debt in December 1997, extending its maturity until January 1, 2001 and providing for staged reductions in available credit. IGL became guarantor of this restructured debt in place of FTX. See "Capital Resources and Liquidity." As a result of FTX's sale of its interest, elimination of its rights as a partner and replacement of the FTX guarantee with the IGL guarantee, FMPO's financial statements reflect the Partnership's assets, liabilities and operating results under consolidation accounting effective January 1, 1997.

RESULTS OF OPERATIONS

As noted above, FMPO operates through the Partnership and, prior to January 1, 1997, reflected the Partnership's results of operations using the equity method of accounting. Accordingly, the following discussion and analysis addresses the results of operations and the capital resources and liquidity of FMPO for 1997 and of the Partnership for prior years, collectively referred to as "the Company" hereafter.

During 1997 and 1996 the Company was able to capitalize on enhanced sales opportunities at its properties in the Austin area brought about by several positive legislative and judicial developments that occurred during 1995. Prior to late 1995, development of the Company's Austin area properties had been delayed principally because of disagreements with the City over ordinances governing development activities in the Barton Creek and Circle C areas. Summary operating results follow:

	1997	1996	1995
	(In Thousands)		
Revenues			
Developed properties	$17,723	$44,016	$35,024
Undeveloped properties and other	13,230	35,161	13,146
Total revenues	30,953	79,177	48,170
Operating income (loss)	3,907a	3,534	(2,308)
Net income (loss)	7,006a,b	(346)	(571)c

a. Includes a $3.1 million reimbursement of previously expensed infrastructure costs.
b. Includes a $4.5 million gain from sale of oil and gas property interests.
c. Includes a $2.6 million gain from a bankruptcy settlement with a customer.

Revenues from developed properties for 1997 consisted of $5.4 million from the sale of 146 acres of residential properties and $12.3 million from the sale of 198 single-family homesites. Revenues from undeveloped properties for 1997 represented the sale of 72 acres of commercial and multi-family land. Revenues from developed properties during 1996 included the sale of the Barton Creek Country Club and Conference Resort for $25.0 million and the sale of 393 single-family homesites located in the Austin, Houston and San Antonio areas for $19.0 million. Revenues from undeveloped properties during 1996 included: two separate sales of undeveloped tracts within the Barton Creek development totaling 105 acres for $4.8 million, which were the first sales under the Water Quality Protection Zone legislation enacted in late 1995; the sale of several undeveloped, commercial and multi-family tracts in the Dallas area totaling 79 acres for $12.6 million; and the sale of 535 other undeveloped acres in the Austin, Dallas and San Antonio areas for $17.8 million.

General and administrative expenses were $2.8 million in 1997, compared with $2.5 million in 1996 and $4.2 million in 1995. The reduction in 1996 reflects the benefit of steps taken in the third quarter of 1995 to reduce costs. These actions, which included reducing personnel, legal and consulting costs, and the costs of certain management services (see Note 46 to the financial statements), were taken, to a significant extent, in response to the reduced permitting, engineering and administrative burdens resulting from the favorable legislative and judicial developments during 1995.

In September 1997, the Company sold several working interests and numerous overriding royalty interests in oil and gas properties which have been held since its formation to McMoRan Oil & Gas Co. ("MOXY") and Phosphate Resource Partners Limited Partnership ("PLP"), formerly Freeport-McMoRan Resource Partners, Limited Partnership, for $4.5 million cash, resulting in a gain of $4.5 million. MOXY is, and PLP was prior to the Merger, an affiliate of FMPO because of FTX's former role as administrative managing general partner of PLP and because of common management and a common director shared with MOXY. These interests, which had no cost basis and included all of the Company's remaining oil and gas interests, remained with the Company after the sale of substantially all of its oil and gas properties in 1993. The gain is reflected in Other Income, and proceeds were used to reduce debt. Other Income also includes royalty income generated by these properties totaling $0.8 million, $1.4 million and $0.6 million for 1997 (prior to the sale), 1996 and 1995, respectively.

Interest expense incurred during 1997 was lower than in 1996 as a result of reduced debt levels. Interest expense in 1996 increased from 1995 because of reduced capitalized interest, partially offset by lower average debt levels and interest rates.

During 1996, FMPO agreed to sell the remaining assets of Circle C for $34.0 million. The Company received a $1.0 million non-refundable cash deposit, with the balance of the purchase price due in January 1997. However, the investor group was unable to complete the sale and the agreement expired. The cash deposit was recorded as a reduction in the related carrying value of these properties. The Company has no further obligation to the investor group and is proceeding with developing and marketing the Circle C commercial and multi-family properties.

The Company is evaluating the development of income producing properties on certain of its tracts and continues to consider opportunities to enter into significant transactions involving its properties. As a result, and because of numerous other factors inherent in the Company's business activities as described herein, past operating results are not necessarily indicative of future trends in profitability.

CAPITAL RESOURCES AND LIQUIDITY

The Company's increased sales activity and limited development during 1997 and 1996 generated significantly higher operating cash flows which enabled it to reduce its debt by a total of $21.2 million during 1997, to $37.1 million at December 31, 1997. Additionally, in connection with the Merger, FMPO amended it's existing credit agreements to consolidate these facilities, extend the maturity to January 1, 2001 and allow for the sale of FTX's ownership interest. IGL agreed to guarantee the restructured credit agreements in place of FTX for a fee (see Note 4 to the financial statements). The new credit agreement provides for a revolving credit facility and a term loan with initial maximum available balances of $35 million and $15 million, respectively. The aggregate available credit of $50 million is available through December 31, 1998 and is reduced to $35 million thereafter through December 31, 1999 and $15 million through December 31, 2000. This facility bears interest at rates tied to the lending bank's prime rate or LIBOR at FMPO's option. As a result of these events, FMPO's autonomy over its operations and short-term financial flexibility

have substantially increased, a definitive timetable for the complete elimination of the debt guarantee has been established, restrictions on the Company's business activities have been reduced, and FMPO is better able to pursue its objective of establishing a long-term, self-supporting capital structure.

The future performance of FMPO continues to be dependent on future cash flows from real estate sales, which will be significantly affected by future real estate values, regulatory issues, development costs, the ability of the Company to continue to protect its land use and development entitlements, and interest rate levels. Significant development capital expenditures remain to be incurred for FMPO's Austin-area properties prior to their eventual sale. While bank financing for further development of existing properties currently is available, bank financing for undeveloped land purchases generally is expensive and difficult to obtain. These factors, combined with the debt reduction requirements under the new credit agreement, could impede FMPO's ability to develop its existing properties and expand its business. As a result, FMPO has pursued a number of capital raising alternatives, including equity sales, formation of joint ventures with third parties, various forms of debt financing and other means and recently entered into a letter of intent with Olympus for such purposes. See "Proposed Transaction with Olympus", above. The proposed transaction with Olympus is subject to due diligence, negotiation of definitive agreements and approval by FMPO's Board of Directors. While FMPO believes these efforts will successfully address the capital resource needs discussed above, there can be no assurance that FMPO will generate sufficient cash flow or obtain sufficient funds to make required interest and principal payments under the new credit agreement.

Net cash provided by operating activities totaled $29.5 million in 1997, $68.7 million in 1996 and $47.5 million in 1995. The 1997 period included the $4.5 million gain on the sale of oil and gas properties to MOXY and PLP and $3.1 million for the reimbursement of previously expensed infrastructure costs, while the 1996 period included $25.0 million from the sale of the Barton Creek County Club and Conference Resort and 1995 benefited from the sale of Circle C's single-family residential real estate properties and related amenities for $15.8 million. Net cash used in investing activities totaled $9.5 million in 1997, $5.9 million in 1996 and $35.2 million in 1995, all of which represent real estate capital

expenditures except for a $9.7 million final payment in 1995 to working and royalty interest owners out of proceeds from a natural gas contract settlement related to oil and gas properties previously sold. Increased 1997 expenditures resulted from increased development requirements for the properties currently being marketed and a $1.5 million acquisition of Austin-area land, while the decrease in 1996 expenditures from 1995 resulted from reduced development requirements brought about by the positive legislative and judicial events that occurred during 1995 and the Company's success in securing land use and development entitlements, marketing and selling undeveloped tracts to sub-developers. Financing activities consisted of a net reduction in borrowings totaling $21.2 million in 1997, $63.0 million in 1996 and $11.2 million in 1995. As of December 31, 1997, $10.9 million of additional borrowings were available under the restructured credit facility. Capital expenditures for 1998 are expected to be approximately $28 million, subject to resolution of regulatory issues impacting the Company's Austin-area properties. Such expenditures will be funded by working capital and borrowings under the new credit agreement.

Refer to Item 3., "Legal Proceedings," for a discussion of various litigation and regulatory matters affecting FMPO.

FMPO has assessed its year 2000 information systems cost issues and believes its current plans for system upgrades will adequately

address these issues at no material cost.

DISCLOSURES ABOUT MARKET RISKS

FMPO's revenues are derived from the management, development and sale of its real estate holdings. FMPO's net income can vary significantly with fluctuations in the market prices of real estate in these areas, which are influenced by numerous factors, including interest rate levels. Changes in interest rates affect FMPO's interest expense on its debt. At the present time FMPO does not hedge its exposure to changes in interest rates. Based on projected 1998 debt levels, a change of 100 basis points in applicable annual interest rates would have an approximate $0.4 million impact on net income.

ENVIRONMENTAL

Increasing emphasis on environmental matters is likely to result in additional costs, which will be charged against the Company's operations in future periods when such costs can be estimated. Present and future environmental laws and regulations applicable to the Company's operations may require substantial capital expenditures, could adversely affect the development of its real estate interests, or may affect its operations in other ways that cannot be accurately predicted at this time.

CAUTIONARY STATEMENT

Management's discussion and analysis of financial condition and results of operations contains certain forward-looking statements regarding FMPO's financial position and liquidity, strategic plans, future financing plans, development and capital expenditures and other plans and objectives of the Company's management for future operations and activities. Important factors that might cause future results to differ from these projections are described in more detail under Item 1 of this Form 10-K.

The results of operations reported and summarized above are not necessarily indicative of future operating results.

Item 8. Financial Statements and Supplementary Data

REPORT OF MANAGEMENT

FM Properties Inc. (FMPO) is responsible for the preparation of the financial statements and all other information contained in this Annual Report. The financial statements have been prepared in conformity with generally accepted accounting principles and include amounts that are based on management's informed judgments and estimates.

FMPO maintains a system of internal accounting controls designed to provide reasonable assurance at reasonable costs that assets are safeguarded against loss or unauthorized use, that transactions are executed in accordance with management's authorization and that transactions are recorded and summarized properly. The system is tested and evaluated on a regular basis by FMPO's internal auditors, Price Waterhouse LLP. In accordance with generally accepted auditing standards, FMPO's independent public accountants, Arthur Andersen LLP, have developed an overall understanding of our accounting and financial controls and have conducted other tests as they consider necessary to support their opinion on the financial statements.

The Board of Directors, through its Audit Committee composed solely of non-employee directors, is responsible for overseeing the integrity and reliability of FMPO's accounting and financial reporting practices and the effectiveness of its system of internal controls. Arthur Andersen LLP and Price Waterhouse LLP meet regularly with, and have access to, this committee, with and without management present, to discuss the results of their audit work.

Richard C. Adkerson Chairman of the Board and Chief Executive Officer	W. H. Armstrong, III President, Chief Operating Officer and Chief Financial Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF FM PROPERTIES INC.:

We have audited the accompanying balance sheets of FM Properties Inc. (a Delaware Corporation) as of December 31, 1997 and 1996, and the related statements of operations, cash flow and changes in stockholders' equity for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinioon, the financial statements referred to above present fairly, in all material respects, the financial position of FM Properties Inc. as of December 31, 1997 and 1996 and the results of its operations and its cash flow for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

San Antonio, Texas
January 20, 1998 (except for the matters discussed in Note 10, as to which the date is March 10, 1998)

FM PROPERTIES INC.
BALANCE SHEETS

	December 31,	
	1997	1996
	(In Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 873	$ -
Accounts receivable:		
Property sales	1,265	-
Other, including income tax of $140,000 and $503,000, respectively	316	559
Prepaid expenses	473	-
Amounts receivable from the Partnership	-	4,371
Total current assets	2,927	4,930
Real estate and facilities, net	105,274	-
Investment in the Partnership (Note 2)	-	56,055
Other assets	4,553	-
Total assets	$ 112,754	$ 60,985
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		

Accounts payable	$ 1,231	$ -
Accrued interest, property taxes and other	1,789	-
Total current liabilities	3,020	-
Long-term debt	37,118	-
Other liabilities	6,009	1,386
Stockholders' equity:		
Preferred stock, par value $0.01, 50,000,000 shares authorized and unissued	-	-
Common stock, par value $0.01, 150,000,000 shares authorized, 14,288,270 and 14,285,770 issued and outstanding, respectively	143	143
Capital in excess of par value of common stock	176,447	176,445
Accumulated deficit	(109,983)	(116,989)
Total liabilities and stockholders' equity	$ 112,754	$ 60,985

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

FM PROPERTIES INC.
STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	1997	1996	1995
	(In Thousands, Except Per Share Amounts)		
Revenues	$ 30,953	$ -	$ -
Costs and expenses:			
Cost of sales	24,294	-	-
General and administrative expenses	2,752	220	1,796
Total costs and expenses	27,046	220	1,796
Loss from the Partnership (Note 2)	-	(346)	(571)
Operating Income (loss)	3,907	(566)	(2,367)
Other Income (expense),net	5,375	166	(173)
Interest expense, net	(2,181)	-	-
Income (loss) before income tax benefit and minority interest	7,101	(450)	(2,540)
Income tax benefit (expense)	(80)	526	2,693
Minority interest in net income of Partnership	(15)	-	-
Net income	$ 7,006	$ 76	$ 153
Net income per share:			
Without dilution	$0.49	$0.01	$0.01
With dilution	$0.48	$0.01	$0.01
Average shares outstanding	14,288	14,286	14,286

	======	======	======

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

FM PROPERTIES INC.
STATEMENTS OF CASH FLOW

	Years Ended December 31,		
	1997	1996	1995
	(In Thousands)		
Cash flow from operating activities:			
Net income	$ 7,006	$ 76	$ 153
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	104	-	-
Cost of real estate sales	23,729	-	-
Minority interest's share of Partnership net income	15	-	-
Excess of equity in losses of the Partnership over distributions received	-	346	571
(Increase) decrease in working capital:			
Accounts receivable and prepaid expenses	2,582	(2,624)	(1,780)
Accounts payable and accrued liabilities	(2,734)	12	16
Accrued income and other taxes	-	2,190	1,215
Other	(1,183)	-	-
Net cash provided by operating activities	29,519	-	175
Cash flow from investing activities:			
Real estate and facilities	(9,547)	-	-
Net cash used in investing activities	(9,547)	-	-
Cash flow from financing activities:			
Repayment of debt	(21,207)	-	(175)
Net cash used in financing activities	(21,207)	-	(175)
Net decrease in cash and cash equivalents	(1,235)	-	-
Cash and cash equivalents at beginning of year	2,108	-	-
Cash and cash equivalents at end of year	$ 873	$ -	$ -
Interest paid	$ 3,351	$ -	$ -
Income taxes paid	$ 220	$ -	$ -

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

FM PROPERITES INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousands)

	Preferred Stock	Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Total
Balance at January 1, 1995	$ -	$ 143	$176,445	$(117,218)	$59,370
Net income	-	-	-	153	153
Balance at December 31, 1995	-	143	176,445	(117,065)	59,523
Net income	-	-	-	76	76
Balance at December 31, 1996	-	143	176,445	(116,989)	59,599
Stock options exercised	-	-	2	-	2
Net income	-	-	-	7,006	7,006
Balance at December 31, 1997	$ -	$ 143	$176,447	$(109,983)	$66,607

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

FM PROPERTIES INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The real estate development and marketing operations of FM Properties Inc. (FMPO or the Company) are conducted in Austin and other urban areas of Texas through its investment in FM Properties Operating Co., a Delaware general partnership (the Partnership). Prior to December 22, 1997, FMPO owned a 99.8 percent general partnership interest in the Partnership and Freeport-McMoRan Inc. (FTX), FMPO's former parent, owned the remaining 0.2 percent general partnership interest and served as Managing General Partner. FTX had certain rights regarding the Partnership's operations as long as it guaranteed any of the Partnership's debt (Note 2). Because of FTX's rights, FMPO reflected its investment in the Partnership under the equity basis of accounting.

On December 22, 1997 FTX merged into IMC Global Inc. (IGL) (the Merger). In connection with the Merger FTX sold its 0.2 percent general partnership interest to FMPO and a subsidiary of FMPO for $100,000. FMPO also restructured and consolidated its existing debt in December 1997, extending its maturity until January 1, 2001 and providing for staged reductions in available credit. IGL became guarantor of this restructured debt in place of FTX. As a result of FTX's sale of its interest and the replacement of the FTX guarantee with the IGL guarantee, the accompanying financial statements and related footnotes reflect the Partnership's financial position and results of operations under consolidation accounting effective January 1, 1997 and under the equity basis of accounting prior to 1997.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. The more significant estimates include valuation allowances for deferred tax assets, estimates of future cash flows from development and sale

of real estate properties, and useful lives for depreciation and amortization. Actual results could differ from those estimates.

Cash and Cash Equivalents. Highly liquid investments purchased with a maturity of three months or less are considered cash equivalents.

Financial Instruments. The carrying amounts of property sales and other receivables, other current assets, accounts payable and long-term borrowings reported in the balance sheet approximate fair value.

Earnings Per Share. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) 128, "Earnings Per Share," which simplifies the computation of earnings per share (EPS). FMPO adopted SFAS 128 in the fourth quarter of 1997 and restated prior years' EPS data as required by SFAS 128.

Net income per share without dilution was calculated by dividing net income applicable to common stock by the weighted-average number of common shares outstanding during the year. Net income per share of common stock with dilution was calculated by dividing net income applicable to common stock by the weighted-average number of common shares outstanding during the year plus dilutive stock options, which represented approximately 229,000 shares in 1997, 104,000 shares in 1996 and 26,000 shares in 1995.

Options to purchase common stock that were outstanding during the years presented but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares totaled 235,000 options at an average exercise price of $5.23 per share in 1997, 300,000 options at an average of $4.61 per share in 1996 and 225,000 options at an average of $5.25 per share in 1995.

Investment in Real Estate. Real estate assets are stated at the lower of cost or net realizable value and include acreage, development, construction and carrying costs, and other related costs through the development stage. Capitalized costs are assigned to individual components of a project, as practicable, whereas interest and other common costs are allocated based on the relative fair value of individual land parcels. Carrying costs are capitalized on properties currently under active development. Revenues are

recognized when the risks and rewards of ownership are transferred to the buyer and the consideration received can be reasonably determined.

SFAS 121, "Accounting for the Impairment of Long-Lived Assets," requires a reduction of the carrying amount of long-lived assets to fair value when events indicate that the carrying amount may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, the Partnership determines fair value using valuation techniques such as the expected future sales proceeds from properties. Since the adoption of SFAS 121 effective January 1, 1995, no impairment losses have been recognized.

2. INVESTMENT IN THE PARTNERSHIP

FMPO has no significant operations or sources of funds other than its interest in the Partnership. Therefore, the following financial statements of the Partnership for the periods prior to 1997 should be read in conjunction with FMPO's financial statements.

Balance Sheet

	December 31, 1996
	(In Thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,108
Accounts receivable:	
Property sales	2,067
Other	1,922
Prepaid expenses	144
Total current assets	6,241
Real estate and facilities, net	118,755
Other assets	5,196
Total assets	$ 130,192
LIABILITIES AND PARTNERS' CAPITAL	
Current liabilities:	
Accounts payable	$ 335
Accrued interest, property taxes and other	5,419
Amounts due to FMPO	4,371
Total current liabilities	10,125
Long-term debt	58,325
Other liabilities	5,574
Partners' capital	56,168
Total liabilities and partners' capital	$ 130,192

Statements Of Operations

	Years Ended December 31,	
	1996	1995
	(In Thousands)	
Revenues	$ 79,177	$ 48,170
Costs and expenses:		
Cost of sales	73,347	48,099
General and administrative expenses	2,296	2,379
Total costs and expenses	75,643	50,478
Operating income (loss)	3,534	(2,308)
Interest expense, net	(3,896)	(1,061)
Other income, net	16	2,798
Net loss	$ (346)	$ (571)

Statements Of Cash Flow

	Years Ended December 31,	
	1996	1995
	(In Thousands)	
Cash flow from operating activities:		
Net loss	$ (346)	$ (571)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,484	2,472
Cost of real estate sales	66,466	41,756
(Increase) decrease in working capital:		
Accounts receivable and prepaid expenses	(568)	1,298

Accounts payable and accrued liabilities	1,702	2,281
Other	-	244
Net cash provided by operating activities	68,738	47,480
Cash flow from investing activities:		
Real estate and facilities	(5,943)	(25,509)
Natural gas contract settlement proceeds paid to working and royalty interests	-	(9,733)
Net cash used in investing activities	(5,943)	(35,242)
Cash flow from financing activities:		
Proceeds from debt	1,000	16,000
Repayment of debt	(63,969)	(27,156)
Net cash used in financing activities	(62,969)	(11,156)
Net increase (decrease) in cash and cash equivalents	(174)	1,082
Cash and cash equivalents at beginning of year	2,282	1,200
Cash and cash equivalents at end of year	$ 2,108	$ 2,282
Interest paid	$ 10,481	$ 9,768

3. REAL ESTATE

	December 31,	
	1997	1996
	(In Thousands)	
Land held for development or sale:		
Austin, Texas area, net of accumulated depreciation of $46 for 1997 and $76 for 1996	$ 85,098	$ 85,785
Other areas of Texas	20,176	31,270
Operating properties, net of accumulated depreciation of $647 for 1996 (sold in 1997)	-	1,700
	$ 105,274	$ 118,755

The Company's investment in real estate includes approximately 4,500 acres of land located in Austin, Dallas, Houston and San Antonio. Most significant among these are the Barton Creek Community, located near Austin, Texas, which includes approximately 3,000 acres of primarily undeveloped land adjacent to the Barton Creek Resort, and the approximately 1,300 acres of undeveloped commercial and multi-family property, which is located within the Circle C development in Austin, Texas. The real estate interests of the Company in Dallas, Houston and San Antonio, Texas are managed by professional real estate developers. Under the terms of these agreements, the operating expenses and development costs, net of revenues, are funded by the Company. The developers are entitled to a management fee and a 25 percent interest in the net profits, after recovery by the Company of its investments and a stated return, resulting from the sale of the managed properties. As of December 31, 1997 no amounts have been or are expected to be paid in connection with these agreement provisions.

In 1995, Circle C sold its single-family residential real estate properties and related amenities for $15.8

million. During 1996, FMPO agreed to sell the remaining assets of Circle C for $34.0 million and received a $1.0 million non-refundable cash deposit, with the balance of the purchase price due in January 1997. However, the investor group was unable to complete the sale and the agreement expired. FMPO has no further obligation to the investor group and is proceeding with developing and marketing the Circle C commercial and multi-family properties. The cash deposit was recorded as a reduction in the related carrying value of these properties.

The Barton Creek Resort, which included a conference center, a 147-room hotel and related facilities and three golf courses, was sold during 1996 for $25.0 million. The Partnership realized no gain or loss on the transaction and proceeds were used to reduce debt.

Various regulatory matters and litigation involving FMPO's development of its Austin properties is summarized below.

SOS Ordinance Litigation - Prior to 1995, development of the Company's Austin area properties had been delayed because of disagreements with the City over various ordinances. In 1995, a Texas district court ruled in favor of FMPO, declaring that a restrictive 1992 water quality ordinance enacted by public initiative (the "SOS Ordinance") was void and that the Company was entitled to develop its Barton Creek and Circle C properties based on ordinances that were in effect at the time of its initial development permit applications. The City appealed this decision, and in 1996 the Texas Court of Appeals overturned the favorable district court ruling that invalidated the SOS Ordinance, but upheld the district court's favorable ruling regarding certain grandfathered rights for previously platted land. A significant portion of the Barton Creek and Circle C properties was previously platted and met the requirements to benefit from these grandfathered rights. An application for Writ of Error was filed with the Texas Supreme Court in January, 1997. The Writ of Error was accepted by the Texas Supreme Court and oral argument was heard on November 3, 1997. The Texas Supreme Court has not yet issued its decision. An unfavorable final judgment could have an adverse effect on any portion of the Company's property which cannot be developed under grandfathered entitlements (see "Legislative Developments," below) or which has not been removed from the jurisdiction of the City pursuant to the water quality protection zones at Barton Creek (the "Barton Creek WQPZ") and at Circle C (the "Circle C WQPZ," see below).

Southwest Travis County Water District Litigation - The Company's property in the Circle C development, comprising approximately 1,300 acres of undeveloped commercial and multi-family property, is located in the Southwest Travis County Water District (the "STCWD"). The STCWD is a conservation and reclamation district created by the Texas Legislature in 1995 for the purpose of conserving water resources and with authority to establish a water pollution control and abatement program meeting state criteria. Development within the STCWD is required to meet the STCWD's criteria and is exempt from municipal regulation. In October 1997, a Texas district court rendered final judgment that the legislation creating the STCWD was unconstitutional. The STCWD has filed an appeal, but no decision has yet been issued. The Company does not expect the validity of the STCWD will be upheld on appeal and has implemented an alternative strategy of creating the Circle C WQPZ to maximize development potential of 553 acres of its Circle C property (see "Circle C WQPZ Litigation," below). The Company's strategy with respect to the balance of its Circle C property holdings (outside the Circle C WQPZ), approximately 700 acres, is to expedite reimbursement of $25 million in previously incurred reimbursement infrastructure costs from the City by not opposing the City's annexation of the 700 acres (see "Annexation Litigation," below).

Annexation Litigation - On December 19, 1997, the City enacted an ordinance purporting to annex all land lying within the STCWD. Prior to the City's enactment of its annexation ordinance, the Company created the Circle C WQPZ (see below). As a result, the Company's 553 acres located within the Circle C WQPZ, which

comprises all of the Company's land in the Circle C project other than the land within the Circle C municipal utility districts (the "MUDs"), was not eligible for annexation. Annexation subjects that portion of the Company's property located within the MUDs (approximately 700 acres), which has been annexed by the City, to the City's zoning and development regulations. In connection with annexation, the City has imposed an interim zoning classification on the approximately 700 acres permitting only one residential unit per acre, which results in significantly less development yield than the Company previously anticipated. However, consistent with the Company's strategy, annexation of the Company's property

located within the MUDs requires the City to assume all MUD debt and reimburse the Company, simultaneously with the annexation, for a significant portion of previously incurred costs of water, wastewater and drainage infrastructure which could result in reimbursement of these costs much earlier than the Company initially anticipated. These reimbursable costs are estimated to be approximately $25 million. Because the City failed to pay these costs on December 19, 1997, the Partnership filed suit against the City to compel reimbursement of these amounts. The suit was promptly set for trial but subsequently stayed pending resolution of suits brought by the MUDs and other third parties challenging the validity of the City's purported annexation. Certain of those underlying third-party challenges have now been resolved and the Company has filed a motion to lift the stay to permit trial to proceed. The motion is scheduled for hearing on April 16. Although the Company expects to ultimately receive payment from the City, the City may continue to resist payment.

Circle C WQPZ Litigation -The Company owns approximately 553 acres in the Circle C development outside the boundaries of any municipal utility district. In order to permit development of this property, the Company filed a water quality protection zone covering its 553 acres (the "Circle C WQPZ"). Such water quality protection zones ("WQPZ") permit development of defined areas outside of municipalities if such development conforms to state-approved water quality standards under plans approved by the Texas Natural Resource Conservation Commission ("TNRCC"). The law also restricts adjoining municipalities from attempting to enforce land use or development ordinances inconsistent with the requirements of the WQPZ or annexing any portion of the WQPZ prior to the earlier of completion of 90 percent of infrastructure construction or 20 years after creation of the WQPZ. The creation of the Circle C WQPZ was intended to permit the Company to develop its 553 acres in accordance with the water quality standards required by the Circle C WQPZ rather than the requirements of the City, and to confirm that effect the Company initiated a lawsuit in Hays County in November 1997, seeking a declaratory judgment confirming the validity of the Circle C WQPZ and the invalidity of the City's attempt to annex land within the Circle C WQPZ. The City filed a motion to transfer venue from Hays County to Travis County and, in addition, argued that the Hays County District Court had no jurisdiction pending consideration of the Circle C WQPZ's water quality plan by the TNRCC. On December 18, 1997, the TNRCC approved the Circle C WQPZ's water quality plan. On January 12, 1998, the Hays County District Court denied the City's motion to transfer venue and all other requested relief. The Company has filed a motion for summary judgement in the Hays County litigation, which is scheduled to be heard on March 30, subject to the Texas Supreme Court's decision as to whether the City's interlocutory appeal of the District Court's denial of the City's plea to the jurisdiction abates the summary judgment hearing. A favorable result in this litigation, which the Company expects, would confirm that the City's attempt to annex the Company's 553 acres in the Circle C WQPZ was invalid and that development of the 553 acres is not subject to City development regulations. An unfavorable ruling, which is not expected, would mean that the Circle C WQPZ was invalid and that the 553 acres is annexed, and subject to the City zoning and other regulatory authority, which could diminish the development potential of this property in the same manner as for the approximately 700 acres discussed above (see "Annexation Litigation").

Legislative Developments - In the most recent legislative session of the Texas State legislature, a bill to reorganize a state governmental agency inadvertently repealed the provisions of law that established grandfathered rights for land which was platted or in the permitting process. The Company, based on an opinion from counsel, has taken the position that under Texas law, previously vested rights for the Company's property holdings are not affected by the repeal of this statute. The City, however, does not recognize any grandfathered entitlements arising under the repealed law and, in response to the repeal, enacted an ordinance effective September 5, 1997, establishing interim regulations on land development. It is anticipated that the City will enact a final ordinance and may attempt to apply it to portions of the Company's Circle C and Lantana properties. Should the City take this position, the Company anticipates asserting and defending its grandfathered entitlements. In the event the City were to prevail, portions of the Company's property would be subject to the City's current restrictive ordinances and development potential would be significantly reduced. During the last three sessions of the Texas legislature, legislation has been enacted to provide landowners relief from overly-aggressive attempts by municipalities to regulate land development in an effort to prevent growth. Much of that past legislation has been enacted to address abusive or unauthorized municipal land use regulations of the type adopted by the City. The Company anticipates that during the next session of the Texas legislature, beginning in January 1999, the Texas legislature will once again review and address inappropriate municipal land use regulation designed to prevent growth and development.

Other Matters - During February 1997, FMPO filed a petition for declaratory judgment against Phoenix Holdings, Ltd. in order to secure its ownership of approximately $25 million of MUD reimbursements that pertain to existing infrastructure that serves the Circle C development. Phoenix filed a counter claim against Circle C in June 1997.

On January 9, 1998, the City filed a lawsuit (the "Travis County Suit") in Travis County District Court against 14 water quality zones and their owners, including the Barton Creek WQPZ. The City challenges the constitutionality of the legislation authorizing the creation of water quality zones. This same issue is being litigated in the lawsuit initiated by the Company discussed under "Circle C WQPZ Litigation," above. The Attorney General of Texas has agreed to intervene in both the Travis County Suit and the suit in "Circle C WQPZ Litigation" above, to defend the legislation. Although not expected, a court decision that the legislation authorizing WQPZs is invalid would diminish and delay development of portions of the Barton Creek project and the Company's land located in the Circle C WQPZ.

In April 1997, the U.S. Department of Interior ("DOI") listed the Barton Springs Salamander as an endangered species after a federal court overturned a March 1997 decision by the DOI not to list the Barton Springs Salamander based on a conservation agreement between the State of Texas and federal agencies. The listing of the Barton Springs Salamander is not anticipated to affect the Company's Barton Creek and Lantana properties for several reasons, including the results of recent technical studies and the Company's U.S. Fish and Wildlife Service 10(a) permit obtained in 1995. The Company's Circle C properties could, however, be affected, although the extent of any impact cannot be determined at this time. Special interest groups have provided written notice of their intention to challenge the Company's 10(a) permit and compliance with water quality regulations. The Company believes these challenges are meritless and will continue to protect its entitlements.

4. LONG-TERM DEBT

	December 31,	
	1997	1996

	(In Thousands)	
Bank credit facility, average rate 6.6% in 1997 and 6.9% in 1996	$ 37,118	$ -
Bank loan, average rate 6.6% in 1997 and 6.9% in 1996	-	31,000
Circle C bank loan, average rate 6.7% in 1997 and 6.8% in 1996	-	27,325
	$ 37,118	$ 58,325

In December, 1997 FMPO finalized a restructured debt facility with certain banks. This restructured debt establishes a $50 million facility consisting of a $35.0 million revolving credit facility and a $15.0 million term loan facility, with individual borrowings bearing interest at rates based on either the prime rate or LIBOR at FMPO's option. The aggregate committed loan amount will reduce to $35.0 million on January 1, 1999, to $15.0 million on January 1, 2000 and will be eliminated on January 1, 2001. Additionally, the restructured credit facility contains covenants restricting dividends or other distributions, mergers, the creation of liens or certain additional debt and certain other matters. IGL has guaranteed amounts borrowed under the restructured facility. As consideration for IGL's guarantee, FMPO agreed to pay IGL an annual fee, payable quarterly, equal to the difference between FMPO's cost of LIBOR-funded borrowings before the assumption of the guarantee by IGL and the rate on LIBOR-funded loans under the new agreement. This fee was 60 basis points (0.6%) as of December 31, 1997. FMPO has granted liens in favor of IGL on certain of its properties as security for the guarantee. These liens are to be released for property sales, subject to certain restrictions. Additionally, under the guarantee terms FMPO cannot amend or refinance the credit facility without IGL's consent.

Capitalized interest totaled $1.4 million in 1997, $3.1 million in 1996 and $11.7 million in 1995.

5. INCOME TAXES

Income taxes are recorded pursuant to SFAS 109 "Accounting for Income Taxes". FMPO has provided a valuation allowance equal to its deferred tax assets because of the expectation of incurring tax losses for the near future. The components of deferred taxes follow:

	December 31,	
	1997	1996
	(In Thousands)	
Deferred tax asset:		
Net operating losses (expire 2001-2012)	$ 12,509	$ 7,259
Real estate and facilities, net	(7,511)	1,067
Alternative minimum tax credits and depletion allowance (no expiration)	800	718
Other future deduction carryforwards (expire 1999-2002)	319	241
Valuation allowance	(6,117)	(9,285)
	$ -	$ -

FMPO recognized tax benefits of $0.5 million in 1996 and $2.7 million in 1995 for the carryback of each year's tax loss to recoup taxes paid in previous years. Income taxes credited (charged) to income

follow:

	1997	1996	1995
	(In Thousands)		
Current income tax benefit (expense)			
Federal	$ -	$ 526	$ 2,693
State	(80)	-	-
	(80)	526	2,693
Deferred federal income taxes	-	-	-
Income tax benefit (expense)	$ (80)	$ 526	$ 2,693

Reconciliations of the differences between the income tax (charges) benefits computed at the federal statutory tax rate and the income tax (expense) benefit recorded follow:

	1997		1996		1995	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars In Thousands)					
Income tax benefit (expense) computed at the federal statutory income tax rate	$(2,485)	(35)%	$ 158	35%	$ 889	35%
Increase (decrease) attributable to:						
Change in valuation allowance	3,168	45	(169)	(37)	1,209	48
State taxes and other	(763)	(11)	537	119	595	23
Income tax benefit (expense)	$ (80)	(1)%	$ 526	117%	$2,693	106%

6. TRANSACTIONS WITH AFFILIATES

Management Services. Certain management and administrative services have been provided to FMPO by FTX during 1995 and by FM Services Company (Services Company), currently ten percent owned by FMPO, since January 1996. These services were provided for a total cost of $1.7 million in 1995 and for a fixed annual fee of $0.5 million since July 1995, subject only to annual cost of living increases beginning in the 1997 first quarter. Effective January 1, 1998, Services Company and FMPO implemented a new management services agreement for these same services to be provided on a cost reimbursement basis. FMPO believes the cost of these services does not (and in the future will not) differ significantly from those which would be incurred if the related employees were employed directly by FMPO.

Sale of Oil & Gas Interests. In September 1997, the Company sold several working interests and numerous overriding royalty interests in oil and gas properties which have been held since its formation to McMoRan Oil & Gas Co. (MOXY) and Phosphate Resource Partners Limited Partnership (PLP), formerly Freeport-McMoRan Resource Partners, Limited Partnership, for $4.5 million cash, resulting in a gain of $4.5 million. MOXY is and PLP was, prior to the Merger, an affiliate of FMPO because of FTX's former role as administrative managing general partner of PLP and because of common management and a common director shared with MOXY. These interests, which had no cost basis, remained with the Company after the sale of substantially all of its oil and gas properties in 1993. The gain

is reflected in Other Income, and proceeds were used to reduce debt. Other income also includes royalty income

generated by these properties totaling $0.8 million, $1.4 million and $0.6 million for 1997 (prior to the sale), 1996 and 1995, respectively.

7. EMPLOYEE BENEFITS

Stock Options. FMPO's Stock Option Plan and Stock Option Plan for Non-Employee Directors (the Plans) provide for the issuance of up to a total of 1.3 million stock options and stock appreciation rights (SARs) at no less than market value at time of grant. Generally, stock options are exercisable in 25 percent annual increments beginning one year from the date of grant and expire 10 years after the date of grant. A summary of stock options outstanding, including 200,000 SARs, follows:

	1997		1996		1995	
	Number of Options	Average Option Price	Number of Options	Average Option Price	Number of Options	Average Option Price
Beginning of year	790,000	$2.77	535,000	$3.23	425,000	$3.60
Granted	280,000	3.55	305,000	1.79	110,000	1.81
Exercised	(2,500)	1.50	-	-	-	-
Expired/ Forfeited	(17,500)	2.64	(50,000)	1.81	-	-
End of year	1,050,000	2.98	790,000	2.77	535,000	3.23

At December 31, 1997, 247,500 shares were available for new grants under the Plans. Summary information of fixed stock options outstanding at December 31, 1997 follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Life	Average Option Price	Number of Options	Weighted Average Option Price
$1.50 to $1.81	280,000	8.0 years	$1.57	85,000	$1.63
$2.63 to $3.50	335,000	9.2 years	3.32	18,750	2.69
$4.81 to $5.25	235,000	1.0 years	5.23	225,000	5.25
	850,000			328,750	

FMPO has adopted the disclosure-only provisions of SFAS 123 and continues to apply APB Opinion No. 25 and related interpretations in accounting for its stock-based compensation plans. Accordingly, no compensation cost has been recognized for FMPO's fixed stock option grants. Had compensation cost for FMPO's fixed stock option grants been determined based on the fair value at the grant dates for awards under those plans consistent with SFAS 123, FMPO's net income would have decreased by $252,000 ($0.02 per share) in 1997, $104,000 ($0.01 per share) in 1996 and remained essentially unchanged in 1995. For the pro forma computations, the fair values of the fixed option grants were estimated on the dates of grant using the Black-Scholes option pricing model. These values totaled $2.76 per option in 1997, $1.46 per option in 1996 and $1.45 per option in 1995. The

weighted average assumptions used include a risk-free interest rate of 6.7 percent in 1997 and 6.4 percent in 1996 and 1995, expected lives of 10 years and expected volatility of 62 percent in 1997 and 70 percent in 1996 and 1995. The pro forma effects on net income for 1997, 1996 and 1995 are not representative for future years because they do not take into consideration grants made prior to 1995. No other discounts or restrictions related to vesting or the likelihood of vesting of fixed stock options were applied.

8. COMMITMENTS AND CONTINGENCIES

The Company has made, and will continue to make, expenditures at its operations for protection of the environment. Increasing emphasis on environmental matters can be expected to result in additional costs, which will be charged against the Company's operations in future periods. Present and future environmental laws and regulations applicable to the Company's operations may require substantial capital expenditures, could adversely affect the development of its real estate interests or may affect its operations in other ways that cannot be accurately predicted at this time.

In connection with the sale of one of its oil and gas properties in 1993, the Company indemnified the purchaser for any future abandonment costs in excess of net revenues received by the purchaser.

The Company has accrued $3.0 million relating to this contingent liability, included in Other Liabilities, which it believes to be adequate.

9. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Revenues a	Operating Income (Loss)	Net Income (Loss)	Net Income (Loss) Per Share Without Dilution	Net Income (Loss) Per Share With Dilution
	(In Thousands, Except Per Share Amounts)				
1997					
1st Quarter	$ 15,070	$ 2,491	$ 1,972	$ .14	$ .14
2nd Quarter	5,191	1,756b	1,744	.12b	.12b
3rd Quarter	4,037	(637)	3,455c	.24c	.24c
4th Quarter	6,655	297	(165)	(.01)	(.01)
	$ 30,953	$ 3,907	$ 7,006	.49	.48
1996					
1st Quarter	$ (865)	$ (894)	$ (894)	$ (.06)	$ (.06)
2nd Quarter	559	500	500	.03	.03
3rd Quarter	1,011	934	1,460d	.10d	.10d
4th Quarter	(1,051)	(1,106)	(990)	(.07)	(.07)
	$ (346)	$ (566)	$ 76	.01	.01

a. Amounts shown for 1996 are for Income (Loss) from Partnership, as reflected using the equity basis of accounting (Note 1).
b. Includes a $3.1 million ($0.22 per share) reimbursement of previously expensed infrastructure costs.
c. Includes a $4.5 million ($0.31 per share) gain from sale of oil and gas property interests.
d. Includes a $0.5 million tax benefit ($0.04 per share).

10. SUBSEQUENT EVENTS

On March 2, 1998 FMPO and Olympus Real Estate Corporation, an affiliate of Hicks, Muse, Tate & Furst Incorporated ("Olympus"),

entered into a letter of intent to form a strategic alliance to develop certain of FMPO's properties and to pursue new real estate acquisition and development opportunities. Under the terms of the letter of intent, Olympus would make a $10 million investment in an FMPO mandatorily redeemable equity security, provide a $10 million convertible debt financing facility to FMPO and make available up to $50 million of capital for its share of direct investments in joint FMPO/Olympus projects. Olympus would also have the right to designate for nomination 20 percent of FMPO's Board of Directors.

The $10 million mandatorily redeemable equity security would have a par value of $5.84 per share, the average closing price of FMPO common stock during the 30 trading days ending March 2, 1998. FMPO would use the proceeds from the sale of these securities to repay debt. These securities would share any dividends or distributions ratably with the FMPO common stock, which currently pays no dividend, and would be redeemable (i)at the option of the holder at any time after the third anniversary of the closing for an amount per share approximating the economic benefit that would have accrued had the shares been converted into common stock on a one-to-one basis and sold (the "common stock equivalent value") or (ii)at the option of FMPO after the fifth anniversary (but in no event later than the sixth anniversary) for the greater of their common stock equivalent value or their par value per share, plus accrued and unpaid dividends, if any. FMPO would have the option to satisfy the redemption with shares of its common stock, subject to certain limitations.

The $10 million convertible debt facility would be available to FMPO in whole or in part for a period of six years after closing to finance FMPO's equity investment in new FMPO/Olympus joint venture opportunities in properties not currently owned by FMPO. The interest rate on this facility would be 12 percent per year, and at Olympus's option, interest would be payable quarterly, or accrued and added to principal. Outstanding principal under the facility would be convertible at any time into FMPO common stock at a conversion price of $7.31, which is 125 percent of the average closing price of FMPO common stock during the 30 trading days ending March 2, 1998. If not converted into common stock, the

convertible
debt would be repaid on the sixth anniversary of the closing. If the combination of interest at 12 percent and the value of the conversion right does not provide Olympus with at least a 15 percent annual return on the convertible debt, FMPO would pay Olympus additional interest upon retirement of the convertible debt in an amount necessary to yield a 15 percent annual return. The convertible debt would be non-recourse to FMPO and would be secured solely by FMPO's interest in FMPO/Olympus joint venture opportunities financed with the proceeds of the convertible debt.

For a three-year period after the closing, Olympus would make available up to $50 million for its share of capital for direct investments in FMPO/Olympus joint acquisition and development activities. For the three-year period, FMPO would provide Olympus with a right of first refusal to participate for no less than a 50 percent interest in all new acquisition and development projects on properties not currently owned by FMPO, as well as development opportunities on existing properties in which FMPO seeks third-party equity participation.

The transaction is expected to close in the second quarter of 1998 and is subject to the completion of due diligence, negotiation of definitive agreements and approval of FMPO's Board of Directors.

With respect to the litigation discussed under "Other Matters" in Note 3, on February 20, 1998, the District Court granted the Company's motion for summary judgment on the primary case and subsequently, Phoenix Holdings, Ltd. dismissed its counterclaims with prejudice, but reserved the right to appeal the summary judgment of the primary case.

Although the Company expects a favorable result in the Circle C litigation confirming the validity of the Circle C WQPZ (see above), the Company expects the City may continue to assert claims that it has regulatory jurisdiction over development within the Circle C WQPZ and that additional litigation may be necessary to preserve development entitlements. Recently, one of Austin's largest employers, Motorola Inc., contracted to purchase approximately 167 acres of the Company's commercial land located in the Circle C WQPZ for development of a campus facility bringing thousands of jobs to the Circle C community. Even though not required, Motorola agreed to develop its campus facility in strict accordance with the City's regulations, including the SOS Ordinance. Certain City representatives publically asserted zoning and development authority over Motorola's selected site and indicated that Motorola would not receive the City development and zoning approvals the City asserts are needed to develop the campus project even if all ordinance requirements would be fully satisfied. After meetings with City representatives and members of the SOS Alliance (a special interest group), Motorola elected to terminate its contract with the Company. As a consequence, the Company lost a significant sale. Austin recently elected a council strongly opposed to development in the southwest sector of Austin and the Company anticipates that in the future, the City will use similar tactics to those is used in the Motorola incident to restrict growth in the southwest corridor. For example, the city recently announced its "Smart Growth" program designed to direct growth away from the southwest sector of the city towards the "Desired Development Zone," an area located generally in the northern and eastern sections of Austin. Consistent with its Smart Growth program, in March 1998, the City announced a proposed bond sale to raise funds to acquire land in the southwest corridor, which it refers to as the "Barton Creek Zone," for the purported purpose of protecting the Edwards Aquifer. The Circle C project is within the Barton Creek Zone. The Company anticipates that the City will continue its efforts to impose development regulations limiting development in an effort to reduce the value of land it has targeted to acquire for the Barton Creek Zone. As it has been compelled to do during the last several years, the Company anticipates having to continue to be involved in litigation to protect its entitlements and maximize the developability and value of its properties. The Company anticipates that it will continue to successfully develop and market its properties during the pendency of its disputes with the City of Austin.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information set forth under the caption "Information About Nominees and Directors" of the Proxy Statement submitted to the stockholders of the registrant in connection with its 1998 annual meeting to be held on May 14, 1998, is incorporated herein by reference.

Item 11. Executive Compensation

The information set forth under the captions "Director Compensation" and "Executive Officer Compensation" of the Proxy Statement submitted to the stockholders of the registrant in connection with its 1998 annual meeting to be held on May 14, 1998, is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the captions "Common Stock Ownership of Certain Beneficial Owners" and "Common Stock Ownership of Directors and Executive Officer" of the Proxy Statement submitted to

the stockholders of the registrant in connection with its 1998 annual meeting to be held on May 14, 1998, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under the caption "Certain Transactions" of the Proxy Statement submitted to the stockholders of the registrant in connection with its 1998 annual meeting to be held on May 14, 1998, is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) Financial Statements. Reference is made to the Financial Statements beginning on page 16 hereof.

(a)(2) Financial Statement Schedules. Reference is made to the Index to Financial Statements

(a)(3) Exhibits. Reference is made to the Exhibit Index beginning on page E-1 hereof.

(b) Reports on Form 8-K. None.

SIGNATURES

Pursuant to the requirements of Section 13 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, on March 30, 1998.

FM PROPERTIES INC.

By: /s/ Richard C. Adkerson

Richard C. Adkerson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, on March 30, 1998.

/s/ Richard C. Adkerson --- Richard C. Adkerson	Chairman of the Board, Chief Executive Officer (principal executive officer) and Director
* --- W. H. Armstrong, III	President, Chief Operating Officer and Chief Financial Officer (principal financial officer)
* --- C. Donald Whitmire	Vice President and Controller (pricipal accounting officer)
* --- James C. Leslie	Director
* --- Michael D. Madden	Director

*By: /s/ Richard C. Adkerson

Richard C. Adkerson
Attorney-in-Fact

FM PROPERTIES INC.
EXHIBIT INDEX

2.1 Distribution Agreement dated as of June 10, 1992 among Freeport-McMoRan Inc. ("FTX"), the Company and FM Properties Operating Co. (the "Partnership"). Incorporated by reference to Exhibit 2.1 to the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 1992 (the "1992 Form 10-K").

3.1 Amended and Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1 to the 1992 Form 10-K.

3.2 By-laws of the Company, as amended. Incorporated by reference to Exhibit 3.2 to the 1992 Form 10-K.

4.1 The Company's Certificate of Designations of Series A Participating Cumulative Preferred Stock. Incorporated by reference to Exhibit 4.1 to the 1992 Form 10-K.

4.2 Rights Agreement dated as of May 28, 1992 between the Company and Mellon Securities Trust Company, as Rights Agent. Incorporated by reference to Exhibit 4.2 to the 1992 Form 10-K.

4.3 Amendment No. 1 to Rights Agreement dated as of April 21, 1997 between the Company and the Rights Agent. Incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated April 21, 1997.

4.4 Amended, Restated and Consolidated Credit Agreement dated as of December 15, 1997 among the Partnership, Circle C Land Corp., certain banks, and The Chase Manhattan Bank, as Administrative Agent and Document Agent.

10.1 Second Amended and Restated Agreement of General Partnership of FM Properties Operating Co. dated as of December 15, 1997 between the Company and FMPO L.L.C.

10.2 Amended and Restated Services Agreement, dated as of December 23, 1997 between FM Services Company and the Company.

10.3 Joint Venture Agreement between Freeport-McMoRan Resource Partners, Limited Partnership and the Partnership, dated June 11, 1992. Incorporated by reference to Exhibit 10.3 to the 1992 Form 10-K.

10.4 Development and Management Agreement dated and effective as of June 1, 1991 by and between Longhorn Development Company and Precept Properties, Inc. (the "Precept Properties Agreement"). Incorporated by reference to Exhibit 10.8 to the 1992 Form 10-K.

10.5 Assignment dated June 11, 1992 of the Precept Properties Agreement by and among FTX (successor by merger to FMI Credit Corporation, as successor by merger to Longhorn Development Company), the Partnership and Precept Properties, Inc. Incorporated by reference to Exhibit 10.9 to the 1992 Form 10-K.

10.6 FMPO Guarantee Agreement dated as of December 15, 1997 by the Company.

10.7 Amended and Restated IGL Guarantee Agreement dated as of December 22, 1997 by IMC Global Inc.

Executive Compensation Plans and Arrangements (Exhibits 10.8 through 10.10)

10.8 The Company's Performance Incentive Awards Program, as amended. Incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 1994.

10.9 FMPO Stock Option Plan, as amended.

10.10 FMPO Stock Option Plan for Non-Employee Directors, as amended.

21.1 List of Subsidiaries.

23.1 Consent of Arthur Andersen LLP.

24.1 Certified Resolution of the Board of Directors of FMPO authorizing this report to be signed on behalf of any officer or director pursuant to a Power of Attorney.

24.2 Powers of Attorney pursuant to which this report has been signed on behalf of certain officers and directors of the Company.

27.1 Financial Data Schedule.

27.2 Restated Financial Data Schedule.

FM PROPERTIES INC.
INDEX TO FINANCIAL STATEMENTS

The financial statements in the schedule listed below should be read in conjunction with the financial statements of FMPO contained elsewhere in Annual Report on Form 10-K.

	Page
Report of Independent Public Accountants	F-1
Schedule III-Real Estate and Accumulated Depreciation	F-2

Schedules other than the one listed above have been omitted since they are either not required, not applicable or the required information is included in the financial statements or notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors
of FM Properties Inc.:

We have audited, in accordance with generally accepted auditing standards, the financial statements as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997 included elsewhere in FM Properties Inc.'s Annual Report on Form 10-K, and have issued our report thereon dated January 20, 1998. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accoompanying schedule is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

San Antonio, Texas
January 20, 1998

FM Properties Inc.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1997
(In Thousands)

SCHEDULE III

	Initial Cost		Cost Capitalized Subsequent to Acquisitons	Gross Amounts December 31, 1997	
	Land	Building and Improvements	Land	Land	Building and Improvements
Developed Lots					
Camino Real, San Antonio, TX	$ 235	$ -	$ 561	$ 796	$ -
Bent Tree Marsh, Dallas, TX	482	-	1,070	1,552	-
Preston Springs, Plano, TX	7	-	-	7	-
Willow Bend, Plano, TX	3,946	-	4,499	8,445	-
Copper Lakes, Houston, TX	883	-	1,828	2,711	-
Barton Creek (North), Austin, TX	716	-	22	738	-
Undeveloped Acreage					
Hunter's Glen, Plano, TX	168	-	14	182	-
Camino Real, San Antonio, TX	968	-	257	1,225	-
Copper Lakes, Houston, TX	2,225	-	1,795	4,020	-
Bent Tree Addison, Dallas, TX	364	-	-	364	-
Bent Tree Apt. /Retail,Dallas, TX	872	-	1	873	-
Barton Creek (North), Austin, TX	9,010	-	12,871	21,881	-
Barton Creek (South), Austin, TX	20,688	-	11,137	31,825	-
Lantana, Austin, TX	3,934	-	1,618	5,552	-
Longhorn Properties, Austin, TX	15,793	-	9,049	24,842	-
Operating Properties					
Barton Creek Utilities, Austin ,TX	307	-	-	307	
	$60,291	$307	$44,722	$105,013	$307

SCHEDULE III, continued

	Total	Number of Lots and Acres: Lots	Acres	Accumulated Depreciation	Year Acquired
Developed Lots					
Camino Real, San Antonio, TX	$ 796	21	-	$ -	1990
Bent Tree Marsh, Dallas, TX	1,552	54	-	-	1991
Preston Springs, Plano, TX	7	1	-	-	1991
Willow Bend, Plano, TX	8,445	78	-	-	1991
Copper Lakes, Houston, TX	2,711	142	-	-	1991
Barton Creek (North), Austin, TX	738	5	-	-	1997
Undeveloped Acreage					
Hunter's Glen, Plano, TX	182	-	2		1990
Camino Real, San Antonio, TX	1,225	-	84		1990
Copper Lakes, Houston, TX	4,020	-	169		1991
Bent Tree Addison, Dallas, TX	364	-	8	-	1991
Bent Tree Apt./Retail, Dallas, TX	873	-	10	-	1990
Barton Creek (North), Austin, TX	21,881	-	721		1988
Barton Creek (South), Austin, TX	31,825	-	1,750	-	1988
Lantana, Austin, TX	5,552	-	513	-	1994
Longhorn Properties, Austin, TX	24,842	-	1,274	-	1992
Operating Properties					
Barton Creek Utilities, Austin ,TX	307	-	-	46	1997
	$105,320	301	4,531	$46	

FM Properties Inc.
Notes to Schedule III
(In Thousands)

(1) Reconciliation of Real Estate Properties:

The changes in real estate assets for the years ended December 31, 1997 and 1996 are as follows:

	1997	1996
Balance, beginning of year	$ 119,478	$ 189,309
Acquisitions	1,802	-
Improvements and other	10,116	6,665
Cost of real estate sold	(26,076)	(76,496)
Balance, end of year	$ 105,320	$ 119,478

The aggregate net book value for federal income tax purposes as of December 31, 1997 was $124,919,000.

(2) Reconciliation of Accumulated Depreciation:

The changes in accumulated depreciation for the years ended December 31, 1997 and 1996 are as follows:

	1997	1996
Balance, beginning of year	$ 723	$ 9,269
Depreciation expense	98	1,484
Real estate sold	(775)	(10,030)

Balance, end of year	$ 46	$ 723

Depreciation of buildings and improvements reflected in the statements of operations is calculated over estimated lives of 30 years.

(3) Concurrent with certain year-end 1994 debt negotiations, the Partnership analyzed the carrying amount of its real estate assets, using generally accepted accounting principles, and recorded a $115 million pre-tax, non-cash write-down. The actual amounts that will be realized depend on future market conditions and may be more or less than the amounts recorded in the Partnership's financial statements.

AMENDED, RESTATED AND CONSOLIDATED CREDIT AGREEMENT dated as of December 15, 1997, among FM PROPERTIES OPERATING CO., a Delaware general partnership ("FMPOC"), CIRCLE C LAND CORP., a Texas corporation ("Circle C", and together with FMPOC, the "Borrowers"); FM PROPERTIES INC., a Delaware corporation, as a Restricted Entity (as defined herein) ("FMPO"); the undersigned financial institutions (collectively, the "Lenders"), and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent") and as documentary agent for the Lenders (in such capacity, the "Documentary Agent"; the Administrative Agent and Documentary Agent being, collectively, the "Agents").

Freeport-McMoRan Inc., a Delaware corporation ("FTX"), intends to consummate a merger, whereby FTX shall be merged with and into IMC Global Inc., a Delaware corporation ("IGL"), by the end of 1997 (the "Merger"), and as a condition thereof FTX has, with the consent of the Lenders, transferred to FMPO, and FMPO has assumed, FTX's interest as managing general partner of FMPOC.

In connection therewith, the Borrowers desire to amend and restate the terms and provisions of the following agreements entered into by FMPOC and Circle C and shall consolidate such terms and provisions into this Agreement: (i) the Amended and Restated Credit Agreement dated as of December 20, 1996, among FMPOC, FTX, the banks party thereto and Chase (the "FMPOC Revolving Facility"); (ii) the Second Amended and Restated Note Agreement, as amended, dated as of June 30, 1995, among FMPOC, FTX, Hibernia National Bank ("Hibernia") and Chase (the "FMPOC Term Loan Facility"); and (iii) the Amended and Restated Credit Agreement dated as of December 20, 1996, between Circle C and Texas Commerce Bank National Association ("TCB") (the "Circle C Loan Facility", and together with the FMPOC Revolving Facility and FMPOC Term Loan Facility, the "Credits").

Upon its effectiveness, this Agreement shall govern both the indebtedness which shall remain outstanding as of the Effective Date under the Credits, as well as subsequent Borrowings thereunder, in an aggregate amount equal to $50,000,000, (i) $21,796,246 of which represents the FMPOC Revolving Facility and the FMPOC Term Loan Facility, each of which shall be amended and restated to be one revolving credit facility (the "New FMPOC Revolving Tranche") under this Agreement in such aggregate amount, which shall also include as part thereof a new letter of credit facility under this Agreement in an amount of up to $7,500,000 established by FMPOC with Chase (the "FMPOC L/C Facility"), and (ii) $28,203,754 of which represents the Circle C Loan Facility, which shall be amended and restated to be a revolving credit facility (the "New Circle C Revolving Tranche") in the amount of $13,203,754, which shall also include as part thereof a new letter of credit facility under this Agreement in an amount of up to $7,500,000 established by Circle C with Chase (the "Circle C L/C Facility") and a term loan in the amount of $15,000,000

(the "New Circle C Term Tranche", and together with the New FMPOC Revolving Tranche and New Circle C Revolving Tranche, the "Tranches"); provided, that, in no event, shall the sum of the aggregate amount of Letters of Credit (as defined below) outstanding at any time under the Circle C L/C Facility and the FMPOC L/C Facility exceed $7,500,000.

It is the intent of the parties to this Agreement that this Agreement (i) shall evidence the Borrowers' Debt (as defined below) under the Credits, (ii) has been entered into in substitution for, and not in payment of, the obligations of the Borrowers under the Credits and (iii) is in no way intended to constitute a novation of any of the Borrowers' Debt which was evidenced by any of the Credits.

The Lenders are willing to amend and restate the above-referenced agreements upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definitions. As used in this Agreement, the following terms have the meanings indicated (any term defined in this Article I or elsewhere in this Agreement in the singular and used in this Agreement in the plural shall include the plural, and vice versa):

"Administrative Fee" has the meaning specified in Section 2.06(c).

"Administrative Questionnaire" means an Administrative Questionnaire in the form of Exhibit A.

"Affiliate" means, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Circle C Revolving Credit Exposure" means the aggregate amount of the Lenders' Circle C Revolving Credit Exposures.

"Aggregate FMPOC Revolving Credit Exposure" means the aggregate amount of the Lenders' FMPOC Revolving Credit Exposures.

"Alternate Base Rate" means for any day, a rate per annum (rounded upwards, if not already a whole multiple of 1/100 of 1%, to the next higher 1/100 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect for such day plus 1/2 of 1%. For purposes hereof, the term "Prime Rate" means the rate of interest per annum publicly announced from time to time by Chase as its prime rate in effect at its principal office in The City of New York; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective. "Base CD Rate" means the sum of (x) the product of (i) the Three-Month Secondary CD Rate and (ii) Statutory Reserves and (y) the Assessment Rate. "Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate

will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. "Federal Funds Effective Rate" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Applicable LIBO Rate" means on a per annum basis, in respect of any LIBO Rate Loan, for each day during the Interest Period for such Loan, the sum of (i) the LIBO Rate as determined by the Administrative Agent plus (ii) the Applicable Margin.

"Applicable Margin" means, with respect to any LIBO Rate Loan or Reference Rate Loan, the applicable percentage set forth on Schedule I.

"Applicable Percentage" of any Lender means the percentage set opposite such Lender's name on Schedule II in respect of any of the Tranches, as modified from time to time as provided hereby.

"Applicable Reference Rate" means on a per annum basis in respect of any Reference Rate Loan, for any day, the sum of (i) the Alternate Base Rate plus (ii) the Applicable Margin.

"Assessment Rate" means, with respect to each day during an Interest Period, the annual assessment rate (rounded upwards, if not already a whole multiple of 1/100 of l%, to the next highest whole multiple of 1/100 of 1%) in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Borrowing" means a group of Loans of a single Type and a single Tranche made by the relevant Lenders on a single date and as to which a single Interest Period is in effect.

"Borrowing Date" means, with respect to any Loan, the date on which such Loan is disbursed.

"Business Day" means any day other than a Saturday, Sunday or a day on which banks in New York City are authorized or required by law to close; provided, however, that when used in connection with a LIBO Rate Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

"Capitalized Lease Obligation" means the obligation of any Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property which obligation is, or in accordance with GAAP (including Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board) is required to be, classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and for purposes of this Agreement the amount of such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"CERCLA" means, collectively, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. SS 9601 et seq.

A "Change in Control" shall be deemed to have occurred if (a) any Person or group (within the meaning of Rule 13d-5 of the SEC as in effect on the Effective Date) shall own directly or indirectly, beneficially or of record, shares representing 30% or more of the aggregate ordinary voting power represented by the issued and outstanding capital stock of FMPO; or (b) a majority of the seats (other than vacant seats) on the Board of Directors of FMPO shall at any time be occupied by Persons who were not (i) members of the Board of Directors of FMPO on the Effective Date or (ii) appointed as, or nominated for election as, directors by a majority of the directors who are (x) referred to in clause (i) and (y) other directors who are appointed or nominated in accordance with this clause (ii); provided, however, that neither the Merger nor the transfer of the general partnership interest in FMPOC from FTX to FMPO shall constitute a Change in Control under this Agreement.

"Circle C L/C Commitment" means the commitment of an Issuing Bank to issue Circle C Letters of Credit pursuant to Section 2.18.

"Circle C L/C Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Circle C Letters of Credit at such time plus (b) the aggregate principal amount of all L/C Disbursements made pursuant to Circle C Letters of Credit that have not yet been reimbursed at such time. The Circle C L/C Exposure of any Circle C Revolving Credit Lender at any time means its Applicable Percentage of the aggregate Circle C L/C Exposure at such time.

"Circle C L/C Participation Fee" has the meaning assigned to such term in Section 2.06(d).

"Circle C Letter of Credit" means any letter of credit issued under the applicable Circle C L/C Commitment for the account of Circle C, the Restricted Entities or any

of their respective Affiliates pursuant to Section 2.18 and the letters of credit listed on Schedule VI, which for purposes hereof, shall be deemed to be Circle C Letters of Credit issued hereunder.

"Circle C Loan Facility" has the meaning assigned to such term in the preamble to this agreement.

"Circle C Term Lender" means each Lender set forth on Schedule II as making a Loan to Circle C under the New Circle C Term Tranche.

"Circle C Revolving Credit Commitment" means, with respect to each Lender, the commitment of such Lender hereunder to make revolving loans to Circle C as set forth on Schedule II, or in the Commitment Transfer Supplement pursuant to which such Lender assumed its Circle C Revolving Credit Commitment, as the same may be permanently terminated or reduced from time to time pursuant to Section 2.07 and pursuant to assignments by such Lender pursuant to Section 10.03. The Circle C Revolving Credit Commitment of each Lender shall automatically and permanently terminate on the Circle C Revolving Commitment Maturity Date.

"Circle C Revolving Credit Exposure" means, with respect to any Lender under the New Circle C Revolving Tranche at any time, the aggregate principal amount at such time of all outstanding Revolving Loans made to Circle C under the New Circle C Revolving Tranche by such Lender, plus the aggregate amount at such time of such Lender's Circle C L/C Exposure.

"Circle C Revolving Commitment Maturity Date" means January 1, 2001, or, if earlier, the date of termination of the Circle C Revolving Credit Commitments pursuant to the terms hereof.

"Circle C Revolving Credit Lender" means a Lender with a Circle C Revolving Credit Commitment.

"Closing Date" means the date upon which this Agreement is executed and delivered by all parties hereto.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to any Lender, such Lender's Revolving Credit Commitments and Term Loan Commitment.

"Commitment Fee" has the meaning assigned to such term in Section 2.06(a).

"Commitment Termination Date" has the meaning assigned to such term in Section 2.06(a).

"Commitment Transfer Supplement" means a Commitment Transfer Supplement entered into by a Lender and an assignee, and accepted by the Administrative Agent, in the form of Exhibit B or such other form as shall be approved by the Administrative Agent.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Credit Event" means the making of a Loan.

"Debt" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds,

debentures, notes or similar instruments, (c) all obligations of such Person for the unearned balance of any payment received under any contract outstanding for 180 days, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business so long as the same are not 180 days overdue or, if overdue, are being contested in good faith and by appropriate proceedings), (f) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such Person of Debt of others, (h) all Capitalized Lease Obligations of such Person, (i) all recourse obligations of such Person with respect to sales of accounts receivable which would be shown under GAAP on the balance sheet of such Person as a liability, (j) all obligations of such Person as an account party (including reimbursement obligations to the issuer of a letter of credit) in respect of bankers' acceptances and letters of credit Guaranteeing Debt and (k) all noncontingent obligations of such Person as an account party (including reimbursement obligations to the issuer of a letter of credit) in respect of letters of credit other than those referred to in clause (j) above. The Debt of any Person shall include the Debt of any partnership in which such Person is a general partner but shall exclude obligations under leases which are characterized as Operating Leases.

"Debt Basket" has the meaning assigned to such term in Section 5.03(c).

"Default" means any event or condition which upon the giving of notice or lapse of time or both would become an Event of Default.

"Dollars" or "$" means United States Dollars.

"Domestic Office" means, for any Lender, the Domestic Office set forth for such Lender on the signature pages hereof, unless such Lender shall designate a different Domestic Office by notice in writing to the Administrative Agent and the Borrowers.

"Effective Date" means the date on which the conditions specified in Article IV are satisfied (or waived in accordance with Section 10.07).

"environment" shall mean ambient air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata or as otherwise defined in any Environmental Law.

"Environmental Claim" means any written notice of violation, claim, demand, order, directive, cost recovery action or other cause of action by, or on behalf of, any Governmental Authority or any Person for damages, injunctive or equitable relief, personal injury (including sickness, disease or death), Remedial Action costs, tangible or intangible property damage, natural resource damages, nuisance, pollution, any adverse effect on the environment caused by any Hazardous Material, or for fines, penalties or restrictions resulting from or based upon: (a) the threat or existence, or the continuation of the existence, of a Release (including sudden or non-sudden, accidental or nonaccidental Releases); (b) exposure to any Hazardous Material; (c) the presence, use, handling, transportation, storage, treatment or disposal of any Hazardous Material; or (d) the violation of any Environmental Law or Environmental Permit.

"Environmental Law" means any and all applicable treaties, laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters, including CERCLA, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. SS 6901 et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. 1251 et seq., the Clean Air Act of 1970, as amended 42 U.S.C. 7401 et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. SS 2601 et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. SS 651 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. SS 11001 et seq., the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. SS 300(f) et seq., the Hazardous Materials Transportation Act, 49 U.S.C. SS 1801 et seq., and any similar or implementing state or local law, and all amendments or regulations promulgated thereunder.

"Environmental Permit" means any permit, approval, authorization, certificate, license, variance, filing or permission required by or from any Governmental Authority pursuant to any Environmental Law.

"Equity Payment" means, directly or indirectly, any dividend or distribution on, or purchase, redemption or other payment in respect of, the capital stock of a Borrower or Restricted Entity, whether in cash, property or a combination thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated), that together with a Borrower or Restricted Entity, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (i) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (ii) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code; (iii) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code), whether or not waived; (iv) the incurrence of any liability under Title IV of ERISA with respect to any Plan or Multiemployer Plan, other than any liability for contributions not yet due or payment of premiums not yet due; (v) the receipt by a Borrower or any ERISA Affiliate thereof from the PBGC of any notice relating to the intention of the PBGC to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vi) the receipt by a Borrower or any ERISA Affiliate thereof of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; and (vii) any other similar event or condition with respect to a Plan or Multiemployer Plan that could reasonably result in liability of a Borrower or Restricted Entity.

"Event of Default" means any Event of Default defined in Article VII.

"Federal Funds Effective Rate" has the meaning assigned to such term that is contained in the definition of

the term "Alternate Bate Rate" in this Section 1.01.

"Fees" means the Commitment Fees, the Administrative Fee, the L/C Participation Fees and the Issuing Bank Fees.

"Financial Officer" of any corporation means the principal financial officer, principal accounting officer, treasurer, assistant treasurer or controller of such corporation.

"FMPO Guarantee Agreement" means the FMPO Guarantee Agreement dated as of December [ ], 1997, by FMPO for the benefit of the Lenders.

"FMPOC L/C Commitment" means the commitment of an Issuing Bank to issue FMPOC Letters of Credit pursuant to Section 2.18.

"FMPOC L/C Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding FMPOC Letters of Credit at such time plus (b) the aggregate principal amount of all L/C Disbursements made pursuant to FMPOC Letters of Credit that have not yet been reimbursed at such time. The FMPOC L/C Exposure of any FMPOC Revolving Credit Lender at any time means its Applicable Percentage of the aggregate FMPOC L/C Exposure at such time.

"FMPOC L/C Participation Fee" has the meaning assigned to such term in Section 2.06(d).

"FMPOC Letter of Credit" means any letter of credit issued under the applicable FMPOC L/C Commitment for the account of FMPOC, the Restricted Entities or any of their respective Affiliates pursuant to Section 2.18 and the letters of credit listed on Schedule VI, which for purposes hereof, shall be deemed to be FMPOC Letters of Credit issued hereunder.

"FMPOC Revolving Credit Commitment" means, with respect to each Lender, the commitment of such Lender hereunder to make revolving loans to FMPOC as set forth on Schedule II, or in the Commitment Transfer Supplement pursuant to which such Lender assumed its FMPOC Revolving Credit Commitment, as the same may be permanently terminated or reduced from time to time pursuant to Section 2.07 and pursuant to assignments by such Lender pursuant to Section 10.03. The FMPOC Revolving Credit Commitment of each Lender shall automatically and permanently terminate on the FMPOC Revolving Commitment Maturity Date.

"FMPOC Revolving Commitment Maturity Date" means January 1, 2001, or, if earlier, the date of termination of the FMPOC Revolving Credit Commitments pursuant to the terms hereof.

"FMPOC Revolving Credit Exposure" means, with respect to any Lender under the New FMPOC Revolving Tranche at any time, the aggregate principal amount at such time of all outstanding Revolving Loans made to FMPOC under the New FMPOC Revolving Tranche by such Lender, plus the aggregate amount at such time of such Lender's FMPOC L/C Exposure.

"FMPOC Revolving Credit Lender" means a Lender with an FMPOC Revolving Credit Commitment.

"FMPOC Revolving Facility" has the meaning assigned to such term in the preamble to this Agreement.

"FMPOC Term Loan Facility" has the meaning assigned to such term in the preamble to this Agreement.

"FTX" has the meaning specified in the preamble to this Agreement.

"FTX Guarantee Agreement" means the Amended, Restated and Consolidated FTX Guarantee Agreement dated as of December [ ], 1997, by FTX for the benefit of the Lenders.

"GAAP" has the meaning assigned to such term in Section 1.02.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Governmental Rule" means any statute, law, treaty, rule, code, ordinance, regulation, permit, certificate or order of any Governmental Authority or any judgment, decree, injunction, writ, order or like action of any court, arbitrator or other judicial or quasi judicial tribunal.

"Guarantee" means, with respect to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any agreement or obligation (i) to pay dividends or other distributions upon the stock of such other Person, or any obligation of such other Person, direct or indirect, (ii) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or obligation or to purchase (or advance or supply funds for the purchase of) any security for the payment of such Debt, obligation, dividend or distribution, (iii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt or obligation or the holder of such stock of the payment of such Debt, obligation, dividend or distribution including, without limitation, any take-or-pay contract or agreement to buy a minimum amount or quantity of production or to provide an operating subsidy which, in each case, is utilized for a third party financing, or (iv) to maintain working capital, equity capital or any other financial statement condition of the primary obligor, so as to enable the primary obligor to pay such Debt, obligation, dividend or distribution; provided, however, that the term Guarantee shall not include any endorsement for collection or deposit in the ordinary course of business.

"Guarantee Agreements" means (i) the FMPO Guarantee Agreement; and (ii) the FTX Guarantee Agreement, or, upon (x) the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement and (y) compliance with the conditions set forth in the IGL Guarantee Agreement, the IGL Guarantee Agreement, which shall then amend and restate the FTX Guarantee Agreement in its entirety.

"Guarantors" means FTX and FMPO, together with all successors in interest thereto.

"Hazardous Materials" means all explosive or radioactive materials, substances or wastes, hazardous or toxic materials, substances or wastes, pollutants, solid, liquid or gaseous wastes, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCBs") or PCB-containing materials or equipment, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedge Agreement" means any interest rate, currency or commodity swap, cap, floor or collar agreement or similar hedging arrangement providing for the transfer or mitigation of interest rate, commodity price or currency value or exchange rate risks, either generally or under specific contingencies.

"IGL" has the meaning assigned to such term in the preamble to this Agreement.

"IGL Credit Facility" means the credit agreement dated as of December 15, 1997, among IGL, the financial institutions from time to time parties thereto, Morgan Guaranty Trust Company of New York, as administrative agent, Royal Bank of Canada, as documentation agent, and The Chase Manhattan Bank and Nationsbank, N.A., as co-syndication agents, as the same may be amended, modified, renewed or extended from time to time and including any bank credit facility which refinances or replaces the IGL Credit Facility then in effect and which serves as IGL's primary bank credit facility.

"IGL Guarantee Agreement" means the Amended and Restated IGL Guarantee Agreement to be entered into by IGL for the benefit of the Lenders upon the consummation of the Merger, the form of which is attached to the FTX Guarantee Agreement as Exhibit A thereto.

"Interest Payment Date" means (i) as to any Reference Rate Loan, the next succeeding March 31, June 30, September 30 or December 31 (subject to Section 2.16), or if earlier, the Maturity Date, and (ii) as to any LIBO Rate Loan, the last day of the Interest Period applicable to such Loan (and, in the case of any Interest Period of more than three months' duration, the date that would be the last day of such Interest Period if such Interest Period were of three months' duration) and the date of any continuation or conversion of any Loan as or into a Loan of the same or a different Type.

"Interest Period" means (i) as to any LIBO Rate Loan, the period commencing on the date of such LIBO Rate Loan or on the last day of the immediately preceding Interest Period applicable to such Loan, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is one, two, three or six months thereafter, as the relevant Borrower may elect, and (ii) as to any Reference Rate Loan, the period commencing on the date of such Reference Rate Loan or on the last day of the immediately preceding Interest Period applicable to such Loan, as the case may be, and ending on the earliest of (x) the next succeeding March 31, June 30, September 30 or December 31, (y) the Maturity Date and (z) the date such Loan is prepaid or converted as permitted hereby; provided, however, that (1) if any Interest Period would end on a day that shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, with respect to LIBO Rate Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (2) no Interest Period with respect to any Loan shall end later than the Maturity Date and (3) interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Investment Basket" has the meaning assigned to such term in Section 5.03(b).

"Issuing Bank" means, as the context may require, (a) The Chase Manhattan Bank (or its Affiliates), with respect to Letters of Credit issued by it, (b) Texas Commerce Bank (or its Affiliates) with respect to Letters of Credit issued by it, (c) any other Lender that may become an Issuing Bank pursuant to Section 2.18(i) or (k), with respect to Letters of Credit issued by such Lender, or (d) collectively, any of the foregoing.

"Issuing Bank Fees" has the meaning specified in Section 2.06(d).

"L/C Disbursement" means a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

"L/C Exposure" means the sum of the FMPOC L/C Exposure and the Circle C L/C Exposure.

"L/C Participation Fees" has the meaning assigned to such term in Section 2.06(d).

"Lender" means each financial institution signatory hereto and its successors and permitted assigns under Section 10.03.

"Letter of Credit" means an FMPOC Letter of Credit or a Circle C Letter of Credit, as applicable.

"LIBO Rate" means, with respect to any LIBO Rate Loan for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such LIBO Rate Loan for such Interest Period shall be the rate at which Dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"LIBO Rate Loan" means any Loan for which interest is determined, in accordance with the provisions hereof, at the Applicable LIBO Rate.

"LIBOR Office" means, for any Lender, the LIBOR Office set forth for such Lender on the signature pages hereof or as otherwise notified in writing to the Administrative Agent and the Borrowers, unless such Lender shall designate a different LIBOR Office by notice in writing to the Administrative Agent and the Borrowers.

"Lien" means with respect to any asset, (a) a mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset, (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities and (d) other encumbrances of any kind, including, without limitation, production payment obligations.

"Loans" means the Revolving Loans and the Term Loan.

"Loan Documents" means this Agreement, the Guarantee Agreements, any promissory note issued pursuant to Section 2.04(e) and all other agreements, certificates and instruments now or hereafter entered into in connection therewith or in furtherance thereof, in each case as amended and modified from time to time.

"Margin Stock" has the meaning assigned to such term in Regulation U.

"Material Adverse Effect" means (a) a materially adverse effect on the business, assets, operations, prospects or condition, financial or otherwise, of a Borrower and its Restricted Entities taken as a whole, or a Guarantor (other than IGL), (b) material impairment of the ability of a Borrower and its Restricted Entities or a Guarantor (other than IGL) to perform any of its obligations under any Loan Document to which it is or will be a party or (c) material impairment of the rights of or benefits available to the Lenders under any Loan Document.

"Merger" has the meaning assigned to such term in the preamble to this Agreement.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which a Borrower or Restricted Entity, or any ERISA Affiliate thereof, is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"New Circle C Revolving Tranche" has the meaning assigned to such term in the preamble to this Agreement.

"New Circle C Term Tranche" has the meaning assigned to such term in the preamble to this Agreement.

"New FMPOC Revolving Tranche" has the meaning assigned to such term in the preamble to this Agreement.

"Non-Excluded Taxes" has the meaning assigned to such term in Section 2.17(a).

"Nonrestricted Subsidiary" means (i) any of the Subsidiaries listed on Schedule III hereto as a Nonrestricted Subsidiary, (ii) any Subsidiary of any Nonrestricted Subsidiary, (iii) any surviving Person (other than any Borrower or Restricted Entity) into which any of such Persons referred to in clause (i) or (ii) is merged or consolidated, subject to Section 5.02(c), and (iv) any Subsidiary organized after the Closing Date for the purpose of acquiring the stock or other ownership interests or assets of another Person or for start-up ventures or development programs or activities and designated as a Nonrestricted Subsidiary by such Borrower as of the time of its organization. By written notice to the Administrative Agent, a Borrower or Restricted Entity may (x) declare any Nonrestricted Subsidiary to be a Restricted Entity and such former Nonrestricted Subsidiary shall thereafter be deemed to be a Restricted Entity for all purposes of this Agreement or (y) at any time other than when a Default or Event of Default has occurred and is continuing or would exist after giving effect to such declaration, in any fiscal year, declare one or more Restricted Entities, the interest of such Borrower or Restricted Entity in all of which has an equity value or loan investment of less than $500,000 in the aggregate, to be a Nonrestricted Subsidiary and any such former Restricted Entity shall thereafter be deemed to be a Nonrestricted Subsidiary for all purposes of this Agreement.

"Operating Lease" means any lease other than a lease giving rise to a Capitalized Lease Obligation.

"Other Taxes" has the meaning assigned to such term in Section 2.17(b).

"Participants" has the meaning assigned such term in Section 10.03(b).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"Permitted Investments" means customary portfolio cash management investments made pursuant to prudent cash management practices.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, trust, incorporated or unincorporated association, joint stock company or government (or an agency or political subdivision thereof).

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which a Borrower or Restricted Entity, or any ERISA Affiliate thereof, is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Properties" means the properties owned, leased or operated by a Borrower or Restricted Entity, or any Subsidiary thereof.

"Purchasing Lender" has the meaning assigned to such term in Section 10.03(c).

"Real Estate Business" means the ownership, operation, development or acquisition of, or other like involvement in, real estate and improvements thereon.

"Reference Rate Loan" means any Loan for which interest is determined, in accordance with the provisions hereof, at the Applicable Reference Rate.

"Register" has the meaning assigned to such term in Section 10.03(d).

"Regulation D" means Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation G" means Regulation G of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Material in, into, onto or through the environment.

"Remedial Action" means (a) "remedial action" as such term is defined in CERCLA, 42 U.S.C. S 9601(24), and (b) all other actions required by any Governmental Authority or voluntarily undertaken to: (i) cleanup, remove, treat, abate or in any other way address any Hazardous Material in the environment; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health, welfare or the environment; or (iii) perform studies and investigations in connection with, or as a precondition to, (i) or (ii) above.

"Required Lenders" means at any time, subject to Section 10.07(b), Lenders having Loans, L/C Exposure and unused Commitments representing more than 66_% of all Loans outstanding, L/C Exposure and unused Commitments at such time.

"Responsible Officer" of any corporation means any executive officer or Financial Officer of such corporation

and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Restricted Entities" means FMPO and any Subsidiary that is not a Nonrestricted Subsidiary.

"Restricted Subsidiaries" means the Restricted Entities other than FMPO.

"Revolving Credit Borrowing" means a Borrowing comprised of Revolving Loans.

"Revolving Credit Commitment" means, with respect to any Lender, its FMPOC Revolving Credit Commitment and Circle C Revolving Credit Commitment, as applicable.

"Revolving Credit Lender" means any FMPOC Revolving Credit Lender or Circle C Revolving Credit Lender.

"Revolving Loan" means any revolving loan made pursuant to Section 2.01.

"SEC" means the Securities and Exchange Commission or any Governmental Authority succeeding to any or all of the functions of the SEC.

"Statutory Reserves" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including, without limitation, any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate, or other funding office making or holding a Loan) is subject (a) with respect to the Base CD Rate (as such term is used in the definition of "Alternate Base Rate"), for new negotiable nonpersonal time deposits in Dollars of over $100,000 with maturities approximately equal to the applicable Interest Period, and (b) with respect to the LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include, without limitation, those imposed under Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" means, with respect to any Person, a corporation at least a majority of whose securities having ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) are at the time owned by such Person and/or one or more other Subsidiaries of such Person and any partnership (other than joint ventures for which the intention under the applicable agreements, including operating agreements, if any, is that such joint ventures be partnerships solely for purposes of the Code) in which such Person or a Subsidiary of such Person is a general partner.

"Term Loan" means the term loan made pursuant to Section 2.01.

"Term Loan Commitment" means, with respect to each Lender, the commitment of such Lender to make the Term Loan to Circle C set forth on Schedule II, or in the Commitment Transfer Supplement pursuant to which such Lender assumed its Term Loan Commitment, as the same may be permanently terminated or reduced from time to time pursuant to Section 2.07 and pursuant to assignments by such Lender pursuant to Section 10.03. The Term Loan Commitment of each Lender shall automatically and permanently terminate on the Term Loan Maturity Date.

"Term Loan Maturity Date" means January 1, 2001.

"Third Party" has the meaning assigned to such term in Section 5.02(g).

"Tranches" has the meaning specified in the preamble to this Agreement.

"Transfer Effective Date" has the meaning assigned to such term in each Commitment Transfer Supplement.

"Transferee" means any Participant or Purchasing Lender.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "Rate" means the Applicable LIBO Rate or the Applicable Reference Rate, as applicable.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Accounting Terms. Except as otherwise herein specifically provided, each accounting term used herein shall have the meaning given it under United States generally accepted accounting principles in effect from time to time (with such changes thereto as are approved or concurred in from time to time by the relevant Borrower's independent public accountants, as applicable) applied on a basis consistent with those used in preparing the financial statements referred to in Section 5.01(a) ("GAAP"); provided, however, that each reference in Section 5.02, or in the definition of any term used in Section 5.02, to GAAP shall mean generally accepted accounting principles as in effect on the Effective Date and as applied by the Borrowers in preparing the financial statements referred to in Section 3.01(e). In the event any change in GAAP materially affects any provision of this Agreement, the Lenders and the Borrowers agree that they shall negotiate in good faith in order to amend the affected provisions in such a way as will restore the parties to their respective positions prior to such change, and until such amendment becomes effective the Borrowers' compliance with such provisions shall be determined on the basis of GAAP as in effect immediately before such change in GAAP became effective.

SECTION 1.03. Section, Article, Exhibit and Schedule References, etc. Unless otherwise stated, Section, Article, Exhibit and Schedule references made herein are to Sections, Articles, Exhibits or Schedules, as the case may be, of this Agreement. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time.

ARTICLE II

The Loans

SECTION 2.01. Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, (a) each Circle C Term Lender agrees, severally and not jointly, to make a Term Loan to Circle C on the Effective Date in a principal amount not to exceed its Term Loan Commitment, (b) each Circle C Revolving

Credit Lender agrees, severally and not jointly, to make Revolving Loans to Circle C, at any time and from time to time on or after the date hereof, and until the earlier of the Circle C Revolving Commitment Maturity Date and the termination of the Circle C Revolving Credit Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Lender's Circle C Revolving Credit Exposure exceeding such Lender's Circle C Revolving Credit Commitment and (c) each FMPOC Revolving Credit Lender agrees, severally and not jointly, to make Revolving Loans to FMPOC, at any time and from time to time on or after the date hereof, and until the earlier of the FMPOC Revolving Commitment Maturity Date and the termination of the FMPOC Revolving Credit Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Lender's FMPOC Revolving Credit Exposure exceeding such Lender's FMPOC Revolving Credit Commitment; provided, however, that, notwithstanding the foregoing, the sum of the FMPOC L/C Exposure and the Circle C L/C Exposure shall not exceed $7,500,000, in the aggregate, at any time. A Lender's aggregate Commitments hereunder shall be made ratably among the Tranches based on the aggregate amount of all the Lenders' Commitments under each such Tranche on the Effective Date. Within the limits set forth in clauses (b) and (c) of the second preceding sentence and subject to the conditions and limitations set forth herein, the Borrowers may borrow, pay or repay and reborrow Revolving Loans, as applicable. Amounts paid or prepaid in respect of the Term Loan may not be reborrowed.

SECTION 2.02. Loans. (a) Each Loan shall be made as part of a Borrowing consisting of Loans to the relevant Borrower made by the Lenders ratably in accordance with their respective Term Loan Commitments or Revolving Credit Commitments, as the case may be; provided, however, that the failure of any Lender to make a Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be made responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Except for Loans deemed to be made pursuant to Section 2.02(e), the Loans comprising any Borrowing shall be in an aggregate principal amount which is (i) an integral multiple of $1,000,000 or (ii) equal to the remaining available balance of the applicable Commitments.

(b) Each Loan shall be either a Reference Rate Loan or a LIBO Rate Loan as the relevant Borrower may request pursuant to Section 2.03. Subject to the provisions of Sections 2.03 and 2.09, Loans of more than one Type may be outstanding at the same time.

(c) Each Lender shall make its portion, as determined under Section 2.14, of each Loan hereunder on the proposed date thereof by paying the amount required to the Administrative Agent in New York, New York by wire transfer in immediately available funds not later than 2:00 p.m., New York City time, and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the relevant Borrower with the Administrative Agent or, if Loans shall not be made on such date because any condition precedent to a Borrowing herein specified is not met, return the amounts so received to the respective Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower on such date a corresponding

amount. If the Administrative Agent shall have so made funds available, then to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and such Borrower severally agree to repay without duplication to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent at an interest rate equal to (i) in the case of such Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request any Revolving Credit Borrowing or Term Loan if the Interest Period requested with respect thereto would end after the Circle C Revolving Commitment Maturity Date, the FMPOC Revolving Commitment Maturity Date or the Term Loan Maturity Date, as applicable.

(e) If an Issuing Bank makes an L/C Disbursement in respect of a Letter of Credit and shall not have received from the applicable Borrower the payment required to be made by such Borrower pursuant to Section 2.18(e) within the time specified in such Section, such Issuing Bank will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each Revolving Credit Lender of such L/C Disbursement and its Applicable Percentage thereof. Each Revolving Credit Lender shall pay by wire transfer in immediately available funds to the Administrative Agent not later than 3:00 p.m., New York City time, on such date (or, if such Revolving Credit Lender shall have received such notice later than 1:00 p.m., New York City time, on any day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Lender's Applicable Percentage of such L/C Disbursement (it being understood that such amount shall be deemed to constitute a Reference Rate Loan of such Lender to such Borrower and such payment shall be deemed to have reduced the FMPOC L/C Exposure or Circle C L/C Exposure, as applicable, by the amount of such payment), and the Administrative Agent will promptly pay to such Issuing Bank any amounts received by it from the Revolving Credit Lenders. The Administrative Agent will promptly pay to such Issuing Bank any amounts received by it from such Borrower pursuant to Section 2.18(e) prior to the time any Revolving Credit Lender makes any payment pursuant to this Section 2.02(e); any such amounts received by the Administrative Agent thereafter will be promptly remitted by the Administrative Agent to the Revolving Credit Lenders that shall have made such payments and to such Issuing Bank, as their interests may appear. If any Revolving Credit Lender shall not have made its Applicable Percentage of such L/C Disbursement available to the Administrative Agent as provided above, such Lender and such Borrower, severally and not jointly, agree to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph to but excluding the date such amount is paid, to the Administrative Agent at (i) in the case of such Borrower, a rate per annum equal to the interest rate applicable for Reference Rate Loans and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and for each day thereafter, the Alternate Base Rate.

(f) Notwithstanding any provision to the contrary in this Agreement, a Borrower shall not request any LIBO Rate Loan which, if made, would result in more than 10

separate LIBO Rate Loans of any Lender to such Borrower under a single Tranche. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered part of separate Borrowings.

SECTION 2.03. Notice of Loans. (a) A Borrower shall request a Borrowing (other than a deemed Borrowing pursuant to Section 2.02(e), as to which this Section 2.03 shall not apply) by giving the Administrative Agent telephonic (promptly confirmed in writing), written, telecopy or telex notice in the form of Exhibit C with respect to each Loan (i) in the case of a LIBO Rate Loan, not later than 10:30 a.m., New York City time, three Business Days before a proposed Borrowing, and (ii) in the case of a Reference Rate Loan, not later than 10:30 a.m., New York City time, on the date of a proposed Borrowing. Such notice shall be irrevocable (except that in the case of a LIBO Rate Loan, such Borrower may, subject to Section 2.13, revoke such notice by giving written or telex notice thereof to the Administrative Agent not later than 10:30 a.m., New York City time, two Business Days before such proposed Borrowing) and shall in each case refer to this Agreement and specify (1) whether the Loan then being requested is to be a Reference Rate Loan or LIBO Rate Loan, (2) the date of such Loan (which shall be a Business Day) and amount thereof, and (3) if such Loan is to be a LIBO Rate Loan, the Interest Period or Interest Periods (which shall not end after the Maturity Date) with respect thereto. If no election as to the Type of Loan is specified in any such notice by such Borrower, such Loan shall be a Reference Rate Loan. If no Interest Period with respect to any LIBO Rate Loan is specified in any such notice by such Borrower, then such Borrower shall be deemed to have selected an Interest Period of one month's duration.

(b) A Borrower may continue or convert all or any part of any of its Loans as or into a Loan or Loans of the same or a different Type in accordance with Section 2.10 and subject to the limitations set forth herein. If such Borrower shall not have delivered a Borrowing notice in accordance with this Section 2.03 prior to the end of the Interest Period then in effect for any Loan requesting that such Loan be converted or continued as permitted hereby, then such Borrower shall (unless such Borrower has notified the Administrative Agent, not less than three Business Days prior to the end of such Interest Period, that such Loan is to be repaid at the end of such Interest Period) be deemed to have delivered a Borrowing notice pursuant to this Section 2.03 requesting that such Loan be converted into or continued as a Reference Rate Loan of equivalent amount.

SECTION 2.04. Repayment of Loans; Evidence of Debt. (a) Each of the Borrowers hereby unconditionally agrees to pay to the Administrative Agent for the account of each applicable Lender (i) in the case of Circle C, the then unpaid principal amount of each Term Loan in accordance with the terms of this Agreement and (ii) the then unpaid principal amount of each Revolving Loan to such Borrower in accordance with the terms of this Agreement.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts for (i) the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to the relevant Lenders hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from each Borrower and each Lender's share

thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) of this Section 2.04 shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that any Loans made by it be evidenced by a promissory note. In such event, the relevant Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans of each Borrower evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.03) be represented by one or more promissory notes of such Borrower in such form payable to the order of the payee named therein (of if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.05. Interest on Loans. (a) Subject to the provisions of Section 2.08, each Reference Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate, and over a year of 360 days at all other times), equal to the Applicable Reference Rate.

(b) Subject to the provisions of Section 2.08, each LIBO Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Applicable LIBO Rate for the Interest Period in effect for such Loan; provided, however, upon the date of the consummation of the Merger, the Applicable LIBO Rate for all LIBO Rate Loans hereunder (including any LIBO Rate Loans outstanding as of such date) shall be calculated by reference to the spread over the London Interbank Offered Rate (as defined in the IGL Credit Facility) payable (or to be payable) by IGL for the applicable loans made thereunder as provided in Schedule I; provided that the Administrative Agent shall promptly notify the Borrowers, upon receipt of notification from IGL, of any change in the spread to be used in calculating the Applicable LIBO Rate and any such change shall not take effect in respect of this Agreement until the Borrowers are notified by the Administrative Agent of such change.

(c) Interest on each Loan shall be payable on each applicable Interest Payment Date. The Applicable Reference Rate and the Applicable LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. The Administrative Agent shall promptly advise each relevant Borrower and Lender of such determination.

SECTION 2.06. Fees. (a) The relevant Borrower shall pay each Lender, through the Administrative Agent, on the last Business Day of each March, June, September and December, and on the date on which the portion of the Commitment of such Lender applicable to the Borrowings of each such Borrower shall be terminated as provided herein (the "Commitment Termination Date"), in immediately available funds, a commitment fee (a "Commitment Fee") equal to the Commitment Fee Percentage set forth in Schedule I on the average daily unused amount (treating L/C Exposure as usage of the New FMPOC Revolving Tranche or the New Circle C Revolving Tranche, as applicable) of the Commitments of such Lender, in each case during the quarter ending on such date (or shorter period commencing with the earlier of the

Closing Date and the Effective Date or ending with the Commitment Termination Date); provided that, upon the consummation of the Merger, the Administrative Agent shall promptly notify the Borrowers, upon receipt of notification from IGL, of any change in the facility fee percentage under the IGL Credit Facility to be used in calculating the Commitment Fee Percentage hereunder and any such change shall not take effect in respect of this Agreement until the Borrowers are notified by the Administrative Agent of such change.

(b) All Commitment Fees under this Section 2.06 shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be. The Commitment Fees due to each Lender shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender pursuant to Section 2.07.

(c) The Borrowers agree, on a joint and several basis, to pay to the Administrative Agent, for its own account, on the Effective Date and on each anniversary thereof, an annual administration fee (the "Administrative Fee") as agreed between the Borrowers and the Administrative Agent in the fee letter dated the date hereof, between Chase, FMPOC and Circle C.

(d) FMPOC agrees to pay (i) each FMPOC Revolving Credit Lender, through the Administrative Agent, a fee (an "FMPOC L/C Participation Fee") calculated on such FMPOC Revolving Credit Lender's Applicable Percentage of the average daily aggregate FMPOC L/C Exposure (excluding the portion thereof attributable to the applicable unreimbursed L/C Disbursements) at the L/C Participation Fee Percentage set forth in Schedule I during the period from and including the earlier of the Closing Date and the Effective Date to but excluding the later of the FMPOC Revolving Commitment Maturity Date or the date on which all FMPOC Letters of Credit have been canceled or have expired) and (ii) in connection with the issuance, amendment or transfer of any FMPOC Letter of Credit or any related L/C Disbursement, such Issuing Bank's customary documentary and processing charges (collectively, the "Issuing Bank Fees"); provided that the Administrative Agent shall promptly notify the Borrowers, upon receipt of notification from IGL, of any change in the letter of credit fee under the IGL Credit Facility to be used in calculating the L/C Participation Fee Percentage hereunder and any such change shall not take effect in respect of this Agreement until the Borrowers are notified by the Administrative Agent of such change. Circle C agrees to pay (i) each Circle C Revolving Credit Lender, through the Administrative Agent, a fee (a "Circle C L/C Participation Fee" and, together with the FMPOC L/C Participation Fees, the "L/C Participation Fees") calculated on such Circle C Revolving Credit Lender's Applicable Percentage of the average daily aggregate Circle C L/C Exposure (excluding the portion thereof attributable to the applicable unreimbursed L/C Disbursements) at the L/C Participation Fee Percentage set forth in Schedule I during the period from and including the earlier of the Closing Date and the Effective Date to but excluding the later of the Circle C Revolving Commitment Maturity Date or the date on which all Circle C Letters of Credit have been canceled or have expired) and (ii) in connection with the issuance, amendment or transfer of any Circle C Letter of Credit or any related L/C Disbursement, the Issuing Bank Fees. L/C Participation Fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the earlier of the Closing Date and Effective Date; provided that all such fees shall be payable on the FMPOC Revolving Commitment Maturity Date or the Circle C Revolving Commitment Maturity Date, as applicable, and any such fees occurring after such date shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days

after demand. All L/C Participation Fees and Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(e) All such Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders except that the Issuing Bank Fees shall be paid directly to the applicable Issuing Bank. Once paid, all such Fees shall be fully earned and non-refundable under any and all circumstances.

SECTION 2.07. Maturity and Reduction of Commitments. (a) The Term Loan Commitments shall automatically terminate at 5:00 p.m., New York City time, on the Effective Date. The FMPOC Revolving Credit Commitment and the FMPOC L/C Commitment shall automatically terminate on the FMPOC Revolving Commitment Maturity Date. The Circle C Revolving Credit Commitment and the Circle C L/C Commitment shall automatically terminate on the Circle C Revolving Commitment Maturity Date. Notwithstanding the foregoing, all the Commitments shall automatically terminate at 5:00 p.m., New York City time, on January 31, 1998, if the conditions precedent set forth in Article IV shall not have occurred by such time.

(b) Upon at least five days' prior written, telecopied or telex notice to the Administrative Agent (a copy of which notice shall be promptly delivered by the Administrative Agent to each Guarantor), a Borrower may without penalty at any time in whole permanently terminate, or from time to time permanently reduce, the Term Loan Commitment (in the case of Circle C) or its Revolving Credit Commitments, in each case ratably among the Lenders in accordance with the amounts of their respective Commitments in respect of the related Tranche; provided, however, that each partial reduction of the Commitments (other than a reduction pursuant to Section 2.07(c)) shall be in a minimum principal amount of $1,000,000 and an integral multiple of $1,000,000; provided further, that the Commitments under any of the Tranches may not be reduced to an amount which is less than the aggregate principal amount of all Loans under such Tranche outstanding after such reduction. Such Borrower shall pay to the Administrative Agent for the account of the Lenders, on the date of each termination or reduction, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued to but excluding the date of such termination or reduction.

(c) (i) On the dates set forth below or, if any such date is not a Business Day, on the next succeeding Business Day, the aggregate amount of the FMPOC Revolving Credit Commitments, Circle C Revolving Credit Commitments and the outstanding Term Loan shall be automatically and permanently reduced, ratably among the Lenders in accordance with the amounts of their respective FMPOC Revolving Credit Commitments and Circle C Revolving Credit Commitments and their respective Applicable Percentage of the Term Loan outstanding at such time, to the aggregate amount set forth below opposite such date (subject to Section 2.07(b)):

Date	Amount
January 1, 1999	$35,000,000
January 1, 2000	15,000,000
January 1, 2001	-0-

(ii) On or before the 15th Business Day preceding each of the dates set forth above in this paragraph (c)(i), the Borrowers shall notify the Administrative Agent as to the amount by which the amount of the FMPOC Revolving Credit Commitments, the Circle C Revolving Credit Commitments and the outstanding Term Loan shall be reduced pursuant to this Section 2.07(c).

(iii) To the extent that, after giving effect to the aforementioned reduction, the Aggregate FMPOC Revolving Credit Exposure exceeds the aggregate FMPOC Revolving Credit Commitments, FMPOC shall, on the date of such reduction, repay Revolving Credit Borrowings and/or L/C Disbursements under the New FMPOC Revolving Tranche to the Administrative Agent or terminate Letters of Credit issued by FMPOC under the New FMPOC Revolving Tranche, as the case may be, in an aggregate amount sufficient to eliminate such excess, for the benefit of the FMPOC Revolving Credit Lenders, together with accrued and unpaid interest on the principal amount to be repaid to but excluding the date of such payment.

(iv) To the extent that, after giving effect to the aforementioned reduction, the Aggregate Circle C Revolving Credit Exposure exceeds the aggregate Circle C Revolving Credit Commitments, Circle C shall, on the date of such reduction, repay Revolving Credit Borrowings and/or L/C Disbursements under the New Circle C Revolving Tranche to the Administrative Agent or terminate Letters of Credit issued by Circle C under the New Circle C Revolving Tranche, as the case may be, in an amount sufficient to eliminate such excess, for the benefit of the Circle C Revolving Credit Lenders, together with accrued and unpaid interest on the principal amount to be repaid to but excluding the date of such repayment.

(v) To the extent that the Term Loan shall be reduced as part of the aforementioned reduction, Circle C shall, on the date of such reduction, repay the Term Loan in an amount equal to the principal amount by which the Term Loan is reduced pursuant to paragraph (c)(i) above, for the account of the Circle C Term Lenders, together with the accrued and unpaid interest on the principal amount to be repaid to but excluding the date of such repayment.

SECTION 2.08. Interest on Overdue Amounts; Alternative Rate of Interest. (a) If a Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder or under any other Loan Document, by acceleration or otherwise, such Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to the date of actual payment (after as well as before judgment):

(i) in the case of the payment of principal of or interest on a LIBO Rate Loan, at a rate 2% per annum above the rate which would otherwise be payable under Section 2.05(b) until the last date of the Interest Period then in effect with respect to such Loan and thereafter as provided in clause (ii) below; and

(ii) in the case of the payment of principal of or interest on a Reference Rate Loan or any other amount payable hereunder (other than principal of or interest on any LIBO Rate Loan to the extent referred to in clause (i) above), at a rate 2% per annum above the Applicable Reference Rate.

(b) In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a LIBO Rate Loan the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrowers absent manifest error) that (i) Dollar deposits in the requested principal amount of such LIBO Rate Loan are not generally available in the London interbank market, (ii) the rates at which Dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining such LIBO Rate Loan during such Interest Period or (iii) reasonable means do not exist for ascertaining the Applicable LIBO Rate, the Administrative Agent shall as soon as practicable thereafter give written, telecopied or telex

notice of such determination to the Borrowers and the other Lenders, and any request by a Borrower for the making of a LIBO Rate Loan pursuant to Section 2.03 or 2.10 shall, until the Administrative Agent shall have advised such Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, be deemed to be a request for a Reference Rate Loan; provided, however, that if the Administrative Agent makes the determination specified in (ii) above, at the option of such Borrower such request shall be deemed to be a request for a Reference Rate Loan only from such Lender referred to in (ii) above; provided further, however, that such option shall not be available to such Borrower if the Administrative Agent makes the determination specified in (ii) above with respect to three or more Lenders. Each determination of the Administrative Agent hereunder shall be conclusive absent manifest error.

SECTION 2.09. Prepayment of Loans. (a) Each Borrower shall have the right at any time and from time to time to prepay any of its Borrowings, in whole or in part, subject to the requirements of Section 2.13 but otherwise without premium or penalty, upon prior written or telex notice to the Administrative Agent by 10:30 a.m., New York City time (a copy of which notice shall be promptly delivered by the Administrative Agent to each Guarantor), on the date of such prepayment; provided, however, that each such partial prepayment shall be in a minimum amount of $1,000,000 and an integral multiple of $1,000,000.

(b) In the event of any termination of the entire Commitment under a Tranche, the relevant Borrower shall repay or prepay all its outstanding Loans under such Tranche on the date of such termination. On the date of any partial reduction of the Commitments in respect of any Tranche pursuant to Section 2.07, the relevant Borrower shall pay or prepay so much of its Loans in respect of such Tranche as shall be necessary in order that the aggregate principal amount of the Loans (after giving effect to any other prepayment of Loans on such date) outstanding with respect to such Tranche will not exceed the Commitments under such Tranche immediately following such reduction.

(c) All prepayments under this Section 2.09 shall be subject to Section 2.13. Each notice of prepayment delivered pursuant to paragraph (a) above shall specify the prepayment date and the principal amount of each Loan (or portion thereof) to be prepaid, shall be irrevocable and shall commit the relevant Borrower to prepay such Loan by the amount stated therein on the date stated therein. All prepayments shall be applied first to Reference Rate Loans and then to LIBO Rate Loans and shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment. Any amounts prepaid may be reborrowed to the extent permitted by the terms of this Agreement.

SECTION 2.10. Continuation and Conversion of Loans. Each Borrower shall have the right, subject to the provisions of Section 2.08, (i) on three Business Days' prior irrevocable notice by such Borrower to the Administrative Agent, to continue or convert any Type of Loans as or into LIBO Rate Loans, or (ii) with irrevocable notice by such Borrower to the Administrative Agent by 10:30 a.m. on the date of such proposed continuation or conversion, to continue or convert any Type of Loans as or into Reference Rate Loans, in each case subject to the following further conditions:

(a) each continuation or conversion shall be made on a pro rata basis as to each Type of Loan of such Borrower to be continued or converted among the Lenders in accordance with the respective amounts of their respective Commitments and the notice given to the Administrative Agent by such Borrower shall specify the aggregate principal amount of Loans to be continued or converted;

(b) in the case of a continuation or conversion of less than all the Loans of a Tranche, the Loans continued or converted under such Tranche shall be in a minimum aggregate principal amount of $1,000,000 and an integral multiple of $1,000,000;

(c) accrued interest on each Loan (or portion thereof) being continued or converted shall be paid by such Borrower at the time of continuation or conversion;

(d) the Interest Period with respect to any Loan made in respect of a continuation or conversion thereof shall commence on the date of the continuation or conversion;

(e) any portion of a Loan maturing or required to be prepaid in less than one month may not be continued as or converted into a LIBO Rate Loan;

(f) a LIBO Rate Loan may be continued or converted on the last day of the applicable Interest Period and, subject to Section 2.13, on any other day;

(g) no Loan (or portion thereof) may be continued as or converted into a LIBO Rate Loan if, after such continuation or conversion, an aggregate of more than 10 separate LIBO Rate Loans of any Lender would result under a single Tranche, determined as set forth in Section 2.02(f);

(h) no Loan shall be continued or converted if such Loan by any Lender would be greater than the amount by which its Commitment under the related Tranche exceeds the amount of its other Loans under such Tranche at the time outstanding or if such Loan would not comply with the other provisions of this Agreement; and

(i) any portion of a LIBO Rate Loan which cannot be converted into or continued as a LIBO Rate Loan by reason of clause (e) or (g) above shall be automatically converted at the end of the Interest Period in effect for such Loan into a Reference Rate Loan.

The Administrative Agent shall communicate the information contained in each irrevocable notice delivered by any Borrower pursuant to this Section 2.10 to the other Lenders promptly after its receipt of the same.

The Interest Period applicable to any LIBO Rate Loan resulting from a continuation or conversion shall be specified by the relevant Borrower in the irrevocable notice of continuation or conversion delivered pursuant to this Section 2.10; provided, however, that if no such Interest Period for a LIBO Rate Loan shall be specified, such Borrower shall be deemed to have selected an Interest Period of one month's duration.

For purposes of this Section 2.10, notice received by the Administrative Agent from a Borrower after 10:30 a.m., New York City time, on a Business Day shall be deemed to be received on the immediately succeeding Business Day.

SECTION 2.11. Reserve Requirements; Change in Circumstances. (a) Each Borrower shall pay to each Lender on the last day of each Interest Period for any LIBO Rate Loan to such Borrower so long as such Lender may be required to maintain reserves against eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) (or so long as such Lender may be required to maintain reserves against any other category of liabilities which includes deposits by reference to which the interest rate on any LIBO Rate Loan is determined as provided in this Agreement or against any category of extensions of credit or other assets of such Lender which includes any LIBO Rate

Loan) an additional amount (determined by such Lender and notified to such Borrower), equal to the product of the following for each affected LIBO Rate Loan for each day during such Interest Period:

(i) the principal amount of such affected LIBO Rate Loan outstanding on such day;

(ii) the remainder of (x) the product of Statutory Reserves on such date times the Applicable LIBO Rate on such day, minus (y) the Applicable LIBO Rate on such day; and

(iii) 1/360.

Each Lender shall separately bill the relevant Borrower directly for all amounts claimed pursuant to this Section 2.11(a).

(b) Notwithstanding any other provision herein, if after the Effective Date any change in condition or applicable law or regulation or in the interpretation or administration thereof (whether or not having the force of law and including, without limitation, Regulation D of the Board) by any Governmental Authority charged with the administration or interpretation thereof shall occur which shall:

(i) subject any Lender or Issuing Bank (which shall for the purpose of this Section include any assignee or lending office of any Lender or Issuing Bank) to any tax of any kind whatsoever with respect to its LIBO Rate Loans or other fees or amounts payable hereunder, as applicable, or change the basis of taxation of any of the foregoing (other than taxes (including Non-Excluded Taxes) described in Section 2.17 and other than any franchise tax or tax or other similar governmental charges, fees or assessments based on the overall net income of such Lender or Issuing Bank by the U.S. Federal government or by any jurisdiction in which such Lender or Issuing Bank maintains an office, unless the presence of such office is solely attributable to the enforcement of any rights hereunder with respect to an Event of Default);

(ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender or Issuing Bank;

(iii) impose on any such Lender, such Issuing Bank or the London interbank market any other condition affecting this Agreement or LIBO Rate Loans made by such Lender or Letters of Credit issued by such Issuing Bank; or

(iv) impose upon any Lender or Issuing Bank any other condition with respect to any amount paid or to be paid by any Lender or Issuing Bank with respect to its LIBO Rate Loans or Letters of Credit issued hereunder, respectively, or this Agreement;

and the result of any of the foregoing shall be to increase the cost to such Lender or Issuing Bank of (x) making or maintaining any LIBO Rate Loan or (y) issuing or maintaining any Letter of Credit, respectively, or purchasing or maintaining a participation therein or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise) or to require such Lender or Issuing Bank to make any payment in respect of any such Loan or Letter of Credit, as applicable, in each case by or in an amount which such Lender or Issuing Bank, in its sole judgment, shall deem material, then the relevant Borrower shall pay to such Lender or Issuing Bank, as the case may be, on demand such

an amount or amounts as will compensate such Lender or Issuing Bank, as the case may be, for such additional costs, reductions or payments.

(c) If any Lender or Issuing Bank shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted after the Effective Date regarding capital adequacy, or any change after the Effective Date in any such law, rule, regulation, agreement or guideline (whether such law, rule, regulation, agreement or guideline has been adopted) or in the interpretation or administration of any of the foregoing by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Lender or Issuing Bank (or any lending office thereof) or any Lender's or Issuing Bank's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority made or issued after the Effective Date, has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made or participations in Letters of Credit purchased by such Lender pursuant hereto or the Letters of Credit issued by such Issuing Bank pursuant hereto to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender or Issuing Bank to be material, then from time to time the relevant Borrower shall pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company for any such reduction suffered.

(d) If and on each occasion that a Lender or Issuing Bank makes a demand for compensation pursuant to paragraph (a), (b) or (c) above, or under Section 2.17 (it being understood that a Lender or Issuing Bank may be reimbursed for any specific amount under only one such paragraph or Section), the relevant Borrower may, upon at least three Business Days' prior irrevocable written or telex notice to such Lender or Issuing Bank, as applicable, and the Administrative Agent, in whole permanently replace the Commitment of such Lender or the obligations of such Issuing Bank hereunder, as applicable; provided that such notice must be given not later than the 90th day following the date of a demand for compensation made by such Lender or Issuing Bank, as applicable; and provided that such Borrower shall replace such Commitment or obligations, as applicable, with the Commitment or obligations, as applicable, of a commercial bank satisfactory to the Administrative Agent. Such notice from such Borrower shall specify an effective date for the termination of such Lender's Commitment or such Issuing Bank's obligations, as applicable, which date shall not be later than the 180th day after the date such notice is given. On the effective date of any termination of such Lender's Commitment or such Issuing Bank's obligations, as applicable, pursuant to this clause (d), such Borrower shall pay to the Administrative Agent for the account of such Lender (A) any Commitment Fees on the amount of such Lender's Commitment or any L/C Participation Fees on the obligations of the Lenders hereunder so terminated accrued to the date of such termination, (B) the principal amount of any outstanding Loans or L/C Disbursements held by such Lender or Issuing Bank, as applicable, plus accrued interest on such principal amount to the date of such termination and (C) the amount or amounts requested by such Lender or Issuing Bank pursuant to clause (a), (b) or (c) above or Section 2.17, as applicable. Such Borrower will remain liable to such terminated Lender or Issuing Bank for any

loss or expense that such Lender or Issuing Bank may sustain or incur as a consequence of such Lender's making any LIBO Rate Loan or such Issuing Bank's issuance of a Letter of Credit hereunder, as applicable, or any part thereof or the accrual of any interest on any such Loan or in respect of any such Letter of Credit, as applicable, in accordance with the provisions of this Section 2.11(d) as set forth in Section 2.13. Upon the effective date of termination of any Lender's Commitments or Issuing Bank's obligations under this Agreement pursuant to this Section 2.11(d), such Lender or Issuing Bank, as applicable, shall cease to be a "Lender" or "Issuing Bank" hereunder, as applicable; provided that no such termination shall affect (i) any liability or obligation of the relevant Borrower or any other Lender or Issuing Bank to such terminated Lender or Issuing Bank which accrued on or prior to the date of such termination or (ii) such terminated Lender's or Issuing Bank's rights hereunder in respect of any such liability or obligation.

(e) A certificate of a Lender or Issuing Bank (or Transferee) setting forth such amount or amounts as shall be necessary to compensate such Lender or Issuing Bank (or Transferee) as specified in paragraph (a), (b) or (c) (and in the case of paragraph (c), such Lender's or Issuing Bank's holding company, as applicable) above or Section 2.17, as the case may be, shall be delivered as soon as practicable to the relevant Borrower, and in any event within 90 days of the change giving rise to such amount or amounts, and shall be conclusive absent manifest error. The relevant Borrower shall pay each Lender or Issuing Bank the amount shown as due on any such certificate within 15 days after its receipt of the same. In preparing such a certificate, each Lender may employ such assumptions and allocations of costs and expenses as it shall in good faith deem reasonable. The failure of any Lender or Issuing Bank (or Transferee) to give the required 90-day notice shall excuse the relevant Borrower from its obligations to pay additional amounts pursuant to such Sections incurred for the period that is 90 days or more prior to the date such notice was required to be given.

(f) Failure on the part of any Lender or Issuing Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital within the 90 days required pursuant to Section 2.11(e) shall not constitute a waiver of such Lender's or Issuing Bank's right to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital for any period after the date that is 90 days prior to the date of the delivery of demand for compensation. The protection of this Section 2.11 shall be available to each Lender or Issuing Bank regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which shall have occurred or been imposed. The Borrowers shall not be required to make any additional payment to any Lender or Issuing Bank pursuant to Section 2.11(a) or (b) in respect of any such cost, reduction or payment that could be avoided by such Lender or Issuing Bank in the exercise of reasonable diligence, including a change in the lending office of such Lender or Issuing Bank if possible without material cost to such Lender. Each of the Lenders and Issuing Banks agrees that it will promptly notify the relevant Borrower and the Administrative Agent of any event of which the responsible account officer shall have knowledge which would entitle such Lender or Issuing Bank, as applicable, to any additional payment pursuant to this Section 2.11. The Borrowers agree to furnish promptly to the Administrative Agent official receipts evidencing any payment of any tax.

SECTION 2.12. Change in Legality.

(a) Notwithstanding anything to the contrary herein contained, if after the Effective Date any change in any law or regulation or in the interpretation thereof by any

Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any LIBO Rate Loan or to give effect to its obligations as contemplated hereby with respect to any LIBO Rate Loan, then, by written notice to the Borrowers and to the Administrative Agent, such Lender may:

(i) declare that LIBO Rate Loans will not thereafter (for the duration of such unlawfulness or impracticality) be made by such Lender hereunder, whereupon the Borrowers shall be prohibited from requesting LIBO Rate Loans from such Lender hereunder unless such declaration is subsequently withdrawn; and

(ii) require that all outstanding LIBO Rate Loans made by it be converted to Reference Rate Loans, in which event (A) all such LIBO Rate Loans shall be automatically converted to Reference Rate Loans as of the end of the applicable Interest Period, unless an earlier conversion date is legally required, (B) all payments and prepayments of principal which would otherwise have been applied to repay the converted LIBO Rate Loans shall instead be applied to repay the Reference Rate Loans resulting from the conversion of such LIBO Rate Loans and (C) the Reference Rate Loans resulting from the conversion of such LIBO Rate Loans shall be prepayable only at the times the converted LIBO Rate Loans would have been prepayable, notwithstanding the provisions of Section 2.09.

(b) Before giving any notice to the Borrowers and the Administrative Agent pursuant to this Section 2.12, such Lender shall designate a different LIBOR Office if such designation will avoid the need for giving such notice and will not in the judgment of such Lender, be otherwise disadvantageous to such Lender. For purposes of Section 2.12(a), a notice to the Borrowers by any Lender shall be effective on the date of receipt by the Borrowers.

SECTION 2.13. Indemnity. Each Borrower shall indemnify each Lender against any funding, redeployment or similar loss or expense which such Lender may sustain or incur with respect to such Borrower as a consequence of (a) any event, other than a default by such Lender in the performance of its obligations hereunder, which results in (i) such Lender receiving or being deemed to receive any amount on account of the principal of any LIBO Rate Loan prior to the end of the Interest Period in effect therefor (any of the events referred to in this clause (i) being called a "Breakage Event") or (ii) any Loan to such Borrower to be made by such Lender not being made after notice of such Loan shall have been given by such Borrower hereunder or (b) any default in the making of any payment or prepayment of any amount required to be made hereunder. In the case of any Breakage Event, such loss shall include an amount equal to the excess, as reasonably determined by such Lender, of (i) its cost of obtaining funds for the Loan which is the subject of such Breakage Event for the period from the date of such Breakage Event to the last day of the Interest Period in effect (or which would have been in effect) for such Loan over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or converted or not borrowed, continued or converted by making a LIBO Rate Loan in such principal amount and with a maturity comparable to such period. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to the relevant Borrower and shall be conclusive absent manifest error.

SECTION 2.14. Pro Rata Treatment. Except as permitted under any of Section 2.08(b), 2.11, 2.12, 2.13 or 2.17, each Borrowing under each Type of Loan, each payment or prepayment of principal of the Loans, each payment of

interest on the Loans, each other reduction of the principal or interest outstanding under the Loans, however achieved, including by setoff by any Person, each payment of Fees and other amounts accrued for the accounts of the Lenders, each reduction of the Commitments and each conversion or continuation of Loans shall be allocated pro rata among the Lenders in the proportions that their respective Commitments bear to the aggregate Commitments under the relevant Tranche (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's Applicable Percentage of such Borrowing to the next higher or lower whole Dollar amount.

SECTION 2.15. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against a Borrower or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means obtain payment (voluntary or involuntary) in respect of any Loan or L/C Disbursement of such Borrower held by it as a result of which the unpaid principal portion of the Loans or L/C Disbursement of such Borrower held by it shall be proportionately less than the unpaid principal portion of the Loans and participations in L/C Disbursements of such Borrower held by any other Lender (other than as permitted under any of Section 2.08(b), 2.11, 2.12, 2.13 or 2.17), it shall be deemed to have simultaneously purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans and L/C Exposure, as the case may be, of such Borrower held by such other Lender, so that the aggregate unpaid principal amount of the Loans and L/C Exposure of such Borrower and participation in Loans and L/C Exposure of such Borrower held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans and L/C Exposure of such Borrower then outstanding as the principal amount of the Loans and L/C Exposure of such Borrower held by it prior to such exercise of banker's lien, setoff or counterclaim was to the principal amount of all Loans and L/C Exposure of such Borrower outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.15 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. To the fullest extent permitted by applicable law, each of the Borrowers expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Loan of such Borrower deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower hereunder to such Lender as fully as if such Lender had made a Loan directly to such Borrower in the amount of such participation.

SECTION 2.16. Payments. (a) Except as otherwise provided in this Agreement, all payments and prepayments to be made by the Borrowers to the Lenders hereunder, whether on account of Fees, payment of principal or interest on any Loan or any L/C Disbursement or other amounts at any time owing hereunder or under any other Loan Document, shall be made to the Administrative Agent at its office at 270 Park Avenue, New York, New York, for the account of the several Lenders in immediately available funds. All such payments (other than Issuing Bank Fees, which shall be paid directly to the applicable Issuing Bank) shall be made to the

Administrative Agent as aforesaid not later than 10:30 a.m., New York City time, on the date due; and funds received after that hour shall be deemed to have been received by the Administrative Agent on the following Business Day.

(b) As promptly as possible, but no later than 2:00 p.m., New York City time, on the date of each Borrowing, each Lender participating in the Loans made on such date shall pay to the Administrative Agent such Lender's Applicable Percentage of each such Borrowing plus, if such payment is received by the Administrative Agent after 2:00 p.m., New York City time, on the date of such Borrowing, interest at a rate per annum equal to the rate in effect on such day, quoted by the Administrative Agent at its office at 270 Park Avenue, New York, New York, for the overnight "sale" to such Lender of Federal funds. At the time of, and by virtue of, such payment, such Lender shall be deemed to have made its Loan in the amount of such payment. The Administrative Agent agrees to pay any moneys, including such interest, so paid to it by the lending Lenders promptly, but no later than 3:00 p.m., New York City time, on the date of such Borrowing, to the relevant Borrower in immediately available funds.

(c) If any payment of principal, interest or Fees or any L/C Disbursement or any other amount payable to the Lenders hereunder on any Loan or L/C Exposure, as applicable, shall fall due on a day that is not a Business Day, then (except in the case of payments of principal of or interest on LIBO Rate Loans, in which case such payment shall be made on the next preceding Business Day if the next succeeding Business Day would fall in the next calendar month) such due date shall be extended to the next succeeding Business Day, and interest shall be payable on principal in respect of such extension.

(d) Unless the Administrative Agent shall have been notified by a Borrower prior to the date on which any payment or prepayment is due hereunder (which notice shall be effective upon receipt) that such Borrower does not intend to make such payment or prepayment, the Administrative Agent may assume that such Borrower has made such payment or prepayment when due and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to each Lender or Issuing Bank, as applicable, on such date an amount equal to the portion of such assumed payment or prepayment such Lender or Issuing Bank, as applicable, is entitled to hereunder, and, if such Borrower has not in fact made such payment or prepayment to the Administrative Agent, such Lender or Issuing Bank, as applicable, shall, on demand, repay to the Administrative Agent the amount made available to such Lender or Issuing Bank, as applicable, together with interest thereon in respect of each day during the period commencing on the date such amount was made available to such Lender or Issuing Bank, as applicable, and ending on (but excluding) the date such Lender or Issuing Bank, as applicable, repays such amount to the Administrative Agent, at a rate per annum equal to the rate, determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error).

(e) All payments of the principal of or interest on the Loans or any other amounts to be paid to any Lender, any Issuing Bank or the Administrative Agent under this Agreement or any of the other Loan Documents shall be made in Dollars, without reduction by reason of any currency exchange expense.

SECTION 2.17. U.S. Taxes. (a) Any and all payments by the Borrowers hereunder shall be made, in accordance with Section 2.16, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto imposed by the United

States or any political subdivision thereof, excluding taxes imposed on the net income of an Agent or any Lender (or Transferee) and franchise taxes of an Agent or any Lender (or Transferee), as applicable, as a result of a connection between the jurisdiction imposing such taxes and such Agent or such Lender (or Transferee), as applicable, other than a connection arising solely from such Agent or such Lender (or Transferee), as applicable, having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Non-Excluded Taxes"). If a Borrower shall be required by law to deduct any Non-Excluded Taxes from or in respect of any sum payable hereunder to the Lenders (or any Transferee) or an Agent, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.17) such Lender (or Transferee) or an Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law; provided, however, that no Transferee of any Lender shall be entitled to receive any greater payment under this Section 2.17 than such Lender would have been entitled to receive with respect to the rights assigned, participated or otherwise transferred unless such assignment, participation or transfer shall have been made at a time when the circumstances giving rise to such greater payment did not exist.

(b) In addition, each Borrower agrees to bear and to pay to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other similar excise taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery, registration or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document and any property taxes that arise from the enforcement of this Agreement or any other Loan Document ("Other Taxes").

(c) The relevant Borrower will indemnify each Lender (or Transferee) and each Agent for the full amount of Non-Excluded Taxes and Other Taxes (including Non-Excluded Taxes or Other Taxes imposed on amounts payable under this Section 2.17) paid by such Lender (or Transferee) or such Agent, as the case may be, in respect of a Loan to such Borrower and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability prepared by a Lender or Agent, or the Administrative Agent on behalf of such Lender or Agent, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date such Lender (or Transferee) or such Agent, as the case may be, makes written demand therefor.

(d) Within 30 days after the date of any payment of Non-Excluded Taxes or Other Taxes by a Borrower to the relevant Governmental Authority, such Borrower will furnish to the Administrative Agent, at its address referred to on the signature page, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(e) At the time it becomes a party to this Agreement or a Transferee, each Lender (or Transferee) that is organized under the laws of a jurisdiction outside the United States shall (in the case of a Transferee, subject to

the immediately succeeding sentence) deliver to the Borrowers either a valid and currently effective Internal Revenue Service Form 1001 or Form 4224 or, in the case of a Lender (or Transferee) claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent version thereof or successors thereto, (and if such Lender (or Transferee) delivers a Form W-8, a certificate representing that such Lender (or Transferee) is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of any of the Borrowers and is not a controlled foreign corporation related to any of the Borrowers (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Lender (or Transferee) establishing that such payment is (i) not subject to United States Federal withholding tax under the Code because such payment is effectively connected with the conduct by such Lender (or Transferee) of a trade or business in the United States or (ii) totally exempt from (or in case of a Transferee, entitled to a reduced rate of) United States Federal withholding tax. Notwithstanding any other provision of this Section 2.17(e), no Transferee shall be required to deliver any form pursuant to this Section 2.17(e) that such Transferee is not legally able to deliver. In addition, each Lender (or Transferee) shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered, but only, in such case, to the extent such Lender (or Transferee) is legally able to do so.

(f) Notwithstanding anything to the contrary contained in this Section 2.17, the Borrowers shall not be required to pay any additional amounts to any Lender (or Transferee) in respect of United States Federal withholding tax pursuant to paragraph (a) above if the obligation to pay such additional amounts would not have arisen but for a failure by such Lender (or Transferee) to comply with the provisions of paragraph (e) above.

(g) Any Lender (or Transferee) claiming any additional amounts payable pursuant to this Section 2.17 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by any of the Borrowers or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Lender, be otherwise disadvantageous to such Lender (or Transferee).

(h) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.17 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(i) Nothing contained in this Section 2.17 shall require any Lender (or Transferee) or the Administrative Agent to make available any of its income tax returns (or any other information that it deems to be confidential or proprietary).

SECTION 2.18. Letters of Credit. (a) General. A Borrower may request the issuance of Letters of Credit, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, appropriately completed, for the account of such Borrower, any Restricted Entity or, upon the written approval of the Administrative Agent, any of its Affiliates, at any time and from time to time while the applicable Revolving Credit Commitments remain in effect, provided that such Borrower shall be a co-applicant with respect to each Letter of Credit issued for the account of any such Restricted Entity or Affiliate. Upon the receipt

of such a request and, subject to the satisfaction of the following terms and conditions of this Section 2.18, the applicable Issuing Bank shall issue the requested Letter of Credit. This Section shall not be construed to impose an obligation upon an Issuing Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), a Borrower shall hand deliver or telecopy to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) below), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each Letter of Credit the relevant Borrower shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension (A) in the case of an FMPOC Letter of Credit, the FMPOC L/C Exposure shall not exceed $7,500,000 and the Aggregate FMPOC Revolving Credit Exposure shall not exceed the aggregate FMPOC Revolving Credit Commitments at such time, (B) in the case of a Circle C Letter of Credit, the Circle C L/C Exposure shall not exceed $7,500,000 and the Aggregate Circle C Revolving Credit Exposure shall not exceed the aggregate Circle C Revolving Credit Commitments at such time and (C) in the case of any Letter of Credit, the sum of the FMPOC L/C Exposure and the Circle C L/C Exposure shall not exceed $7,500,000.

(c) Expiration Date. Each Letter of Credit shall expire at the close of business on the earlier of the date one year after the date of the issuance of such Letter of Credit and the date that is five Business Days prior to the FMPOC Revolving Commitment Maturity Date or the Circle C Revolving Credit Maturity Date, as applicable, unless such Letter of Credit expires by its terms on an earlier date. Each Letter of Credit may, upon the request of the relevant Borrower, include a provision whereby such Letter of Credit shall be renewed automatically for additional consecutive periods of 12 months or less (but not beyond the date that is five Business Days prior to the FMPOC Revolving Commitment Maturity Date or the Circle C Revolving Credit Maturity Date, as applicable) unless the applicable Issuing Bank notifies the beneficiary thereof at least 30 days prior to the then applicable expiry date that such Letter of Credit will not be renewed.

(d) Participations. By the issuance of a Letter of Credit and without any further action on the part of the applicable Issuing Bank or the Lenders, the Issuing Bank in respect of such Letter of Credit hereby grants to each Lender, and each such Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing, each such Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each L/C Disbursement made by such Issuing Bank and not reimbursed by the relevant Borrower (or, if applicable, another party pursuant to its obligations under any other Loan Document) forthwith on the date due as provided in Section 2.02(e).

Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. Subject to Section 2.18(h), if the Issuing Bank in respect of a Letter of Credit shall make any L/C Disbursement in respect of such Letter of Credit, the relevant Borrower shall pay to the Administrative Agent an amount equal to such L/C Disbursement not later than 3:00 p.m., New York City time, on the day on which such Borrower shall have received notice from such Issuing Bank that payment of such draft will be made, or, if such Borrower shall have received such notice later than 11:00 a.m., New York City time, on any Business Day, FMPOC shall make such payment not later than 11:00 a.m., New York City time, on the immediately following Business Day.

(f) Obligations Absolute. Each Borrower's obligations to reimburse L/C Disbursements as provided in paragraph (e) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever (until such time as an amount equal to all such L/C Disbursements, and any interest accrued thereon, shall have been paid to the applicable Issuing Banks pursuant to paragraph (e) above), and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document;

(iii) the existence of any claim, setoff, defense or other right that the relevant Borrower, any other party guaranteeing, or otherwise obligated with, such Borrower, any Subsidiary or other Affiliate thereof or any other Person may at any time have against the beneficiary under any Letter of Credit, the relevant Issuing Bank, the Administrative Agent or any Lender or any other Person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the relevant Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of the relevant Issuing Bank, the Lenders, the Administrative Agent or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the relevant Borrower's obligations hereunder.

Without limiting the generality of the foregoing, it is expressly understood and agreed that the absolute and unconditional obligation of each Borrower hereunder to reimburse L/C Disbursements will not be excused by the gross negligence or wilful misconduct of the relevant Issuing

Bank. However, the foregoing shall not be construed to excuse the relevant Issuing Bank from liability to either Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by such Issuing Bank's gross negligence or wilful misconduct in performance of its obligations hereunder; it is understood that an Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) an Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute wilful misconduct or gross negligence of the Issuing Bank.

(g) Disbursement Procedures. An Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit issued by it. Such Issuing Bank shall as promptly as possible give telephonic notification, confirmed by telecopy, to the Administrative Agent and the relevant Borrower of such demand for payment and whether the Issuing Bank has made or will make an L/C Disbursement thereunder; provided, however, that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse such Issuing Bank and the relevant Lenders with respect to any such L/C Disbursement pursuant to Section 2.18(e). The Administrative Agent shall promptly give notice thereof to each Lender with a participation in such Letter of Credit.

(h) Interim Interest. If the Issuing Bank in respect of a Letter of Credit shall make any L/C Disbursements in respect of a Letter of Credit, then, unless the relevant Borrower shall reimburse such L/C Disbursement in full on such date, the unpaid amount thereof shall bear interest for the account of such Issuing Bank, for each day from and including the date of such L/C Disbursement, to but excluding the earlier of the date of payment by such Borrower or the date on which interest shall commence to accrue thereon as provided in Section 2.02(e), at the rate per annum that would apply to such amount if such amount were a Reference Rate Loan.

(i) Resignation or Removal of an Issuing Bank. An Issuing Bank may resign at any time by giving 180 days' prior written notice to the Administrative Agent, the Lenders and the Borrowers, and may be removed at any time by the Borrowers by notice to such Issuing Bank, the Administrative Agent and the Lenders. Subject to the next succeeding paragraph, upon the acceptance of any appointment as an Issuing Bank hereunder by a Lender that shall agree to serve as a successor Issuing Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Bank (other than with respect to outstanding Letters of Credit previously issued by it) and the retiring Issuing Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder. At the time such removal or resignation shall become effective, the relevant Borrower

shall pay all accrued and unpaid fees pursuant to Section 2.06(d). The acceptance of any appointment as an Issuing Bank hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrowers and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Bank under this Agreement and the other Loan Documents (other than with respect to outstanding Letters of Credit previously issued by it) and (ii) references herein and in the other Loan Documents to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or removal of an Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, the relevant Borrower shall, on the Business Day it receives notice thereof from the Administrative Agent or the Required Lenders (or if the maturity of the Loans has been accelerated, Lenders under (i) the New FMPOC Revolving Tranche holding participations in outstanding FMPOC Letters of Credit representing greater than 50% of the aggregate undrawn amount of all outstanding FMPOC Letters of Credit or (ii) the New Circle C Revolving Tranche holding participations in outstanding Circle C Letters of Credit representing greater than 50% of the aggregate undrawn amount of all outstanding Circle C Letters of Credit, as applicable) demanding the deposit of cash collateral pursuant to this paragraph, such Borrower shall deposit in an account with the Administrative Agent, for the benefit of the Lenders, an amount in cash equal to the FMPOC L/C Exposure or the Circle C L/C Exposure, as applicable, as of such date plus any accrued and unpaid interest thereon and fees related thereto; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to a Borrower, Restricted Entity or Guarantor described in clause (i) or (j) of Article VII. Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrowers under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits in Permitted Investments, which investments shall be made in the sole discretion of the Administrative Agent and at the Borrowers' risk and expense, such deposits shall not bear interest (it being understood that the Administrative Agent shall have no obligation to invest such amounts in any investments other than overnight Permitted Investments). Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall automatically be applied by the Administrative Agent to reimburse the applicable Issuing Banks for L/C Disbursements for which they have not been reimbursed, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the relevant Borrower for the L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with L/C Exposure representing greater than 50% of the total L/C Exposure), be applied to satisfy other obligations of the Borrowers under the Loan Documents. If a Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be

returned to such Borrower within three Business Days after all Events of Default have been cured or waived.

(k) Additional Issuing Banks. The Borrowers may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an Issuing Bank under the terms of this Agreement. Any Lender designated as an issuing bank pursuant to this paragraph (k) shall be deemed (in addition to being a Lender) to be an Issuing Bank with respect to Letters of Credit issued or to be issued by such Lender, and all references herein and in the other Loan Documents to the term "Issuing Bank" shall, with respect to such Letters of Credit, be deemed to refer to such Lender in its capacity as Issuing Bank, as the context shall require.

ARTICLE III

Representations and Warranties

SECTION 3.01. Representations and Warranties. As of the Effective Date and each other date upon which such representations and warranties are required to be made or deemed made pursuant to Section 6.01(i), each of the Borrowers and FMPO, as a Restricted Entity, represents and warrants to each Lender, Issuing Bank and Agent as follows with respect to itself and, as applicable, its Subsidiaries:

(a) Organization; Powers. Such Borrower or FMPO, as applicable, (i) is duly organized, validly existing and in good standing under the laws of the state of its organization, (ii) has the requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, and (iii) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not have a Material Adverse Effect on its condition, financial or otherwise. Such Borrower or FMPO, as applicable, has the corporate or other equivalent power to execute, deliver and perform its obligations under this Agreement and the other Loan Documents to which it is or is to be a party and, in the case of the Borrowers, to borrow and to obtain Letters of Credit hereunder. Such Borrower or FMPO, as applicable, has all requisite corporate or other equivalent power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its own assets and carry on its business as now being or as proposed to be conducted.

(b) Authorization. The execution, delivery and performance of this Agreement (including, without limitation, performance of the obligations set forth in Section 5.01(l)) and the other Loan Documents to which such Borrower or FMPO, as applicable, is or is to be a party and the Borrowings hereunder by such Borrower and the Letters of Credit to be issued hereunder to such Borrower (i) have been duly authorized by all requisite corporate or partnership, as applicable, and, if required, stockholder or partner, as applicable, action on the part of such Borrower or FMPO, as applicable, and (ii) will not (A) violate (x) any Governmental Rule or such Borrower's or FMPO's Certificate of Incorporation and By-laws or Agreement of General Partnership, as applicable, or (y) any provisions of any indenture, agreement or other instrument to which such Borrower or FMPO, as applicable, is a party, or by which such Borrower or FMPO, as applicable, or any of its Properties or assets are or may be bound, (B) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in (ii)(A)(y) above or (C) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever

upon any property or assets of such Borrower or FMPO, as applicable.

(c) Governmental Approvals. No registration with or consent or approval of, or other action by, any Governmental Authority is or will be required in connection with the execution, delivery and performance by such Borrower or FMPO, as applicable, of this Agreement or any other Loan Document to which it is, or is to be, a party or the Borrowings hereunder by such Borrower and the Letters of Credit to be issued hereunder to such Borrower except such as have been made or obtained and are in full force and effect. Other than routine authorizations, permissions or consents which are of a minor nature and which are customarily granted in due course after application or the denial of which would not materially adversely affect the business, financial condition or operations of such Borrower or FMPO, as applicable, such Borrower or FMPO, has all franchises, licenses, certificates, authorizations, approvals or consents from all national, state and local governmental and regulatory authorities required to carry on its business as now conducted and as proposed to be conducted.

(d) Enforceability. This Agreement and each of the other Loan Documents to which it is a party constitutes a legal, valid and binding obligation of such Borrower or FMPO, as applicable, enforceable in accordance with their respective terms (subject, as to the enforcement of remedies against such Borrower or FMPO, as applicable, to applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting creditors' rights against such Borrower or FMPO, as applicable, generally in connection with the bankruptcy, reorganization or insolvency of such Borrower or FMPO, as applicable, or a moratorium or similar event relating to such Borrower or FMPO, as applicable).

(e) Financial Statements. FMPOC or FMPO, as applicable, has heretofore furnished to each of the Lenders an audited consolidated balance sheet and statement of operations and changes in retained earnings and cash flow as of and for the fiscal year ended December 31, 1996, and an unaudited consolidated balance sheet and statement of operations and cash flow as of and for the fiscal quarter ended September 30, 1997. All such balance sheets and statements of operations and cash flow present fairly the financial condition and results of operations of FMPOC or FMPO, as applicable, and their respective Subsidiaries as of the dates and for the periods indicated. Such financial statements and the notes thereto disclose all material liabilities, direct or contingent, of FMPOC or FMPO, as applicable, and their respective Subsidiaries as of the dates thereof which are required to be disclosed in the footnotes to financial statements prepared in accordance with GAAP. The financial statements referred to in this Section 3.01(e) have been prepared in accordance with GAAP. There has been no material adverse change since September 30, 1997, in the businesses, assets, operations, prospects or condition, financial or otherwise, of such Borrower or FMPO, as applicable, and their respective Subsidiaries taken as a whole.

(f) Litigation; Compliance with Laws; etc. (i) Except as disclosed in the FMPO Annual Report on Form 10-K for the fiscal year ended December 31, 1996, and any subsequent filings made by FMPO pursuant to the periodic reporting requirements of the SEC, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of such Borrower or FMPO, as applicable, threatened against or affecting such Borrower or FMPO, as applicable, or any of their respective Subsidiaries or the businesses, assets or rights of such Borrower or FMPO, as applicable, or any of their respective Subsidiaries (x) which involve this Agreement or any of the other Loan Documents or any of the

transactions contemplated hereby or thereby or (y) as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, could, individually or in the aggregate, materially impair the ability of such Borrower or FMPO, as applicable, to conduct its business substantially as now conducted, or materially and adversely affect the businesses, assets, operations, prospects or condition, financial or otherwise, of such Borrower or FMPO, as applicable, or impair the validity or enforceability of, or the ability of such Borrower or FMPO, as applicable, to perform its obligations under, this Agreement or any of the other Loan Documents to which it is a party.

(ii) Neither such Borrower or FMPO, as applicable, nor any of their respective Subsidiaries is in violation of any Governmental Rule, or in default with respect to any judgment, writ, injunction, decree, rule or regulation of any Governmental Authority, where such violation or default could result in a Material Adverse Effect. Without limitation of the foregoing, such Borrower and FMPO, and each of their respective Subsidiaries have complied with all Environmental Laws where any such noncompliance could have a Material Adverse Effect on the business, assets, operations or condition, financial or otherwise, of such Borrower or FMPO or their respective Subsidiaries. Neither such Borrower or FMPO nor any of their respective Subsidiaries has received notice of any material failure so to comply. Such Borrower's and FMPO's, and their respective Subsidiaries', plants do not handle any Hazardous Materials in violation of any Environmental Law where any such violation could have a Material Adverse Effect on the business, assets, operations or condition, financial or otherwise, of such Borrower or FMPO. Such Borrower and FMPO are aware of no events, conditions or circumstances involving contaminants or employee health or safety that could reasonably be expected to result in material liability on the part of such Borrower, FMPO or any of their respective Subsidiaries.

(g) Title, etc. Such Borrower or FMPO, as applicable, and their respective Subsidiaries have good and valid title to their respective material properties, assets and revenues (exclusive of oil, gas and other mineral properties on which no development or production activities are being conducted and commercially exploitable reserves have not been discovered), in the case of such Borrower and the Restricted Entities, free and clear of all Liens except such Liens as are permitted by Section 5.02(d) and except for covenants, restrictions, rights, easements and minor irregularities in title which do not individually or in the aggregate interfere with the occupation, use and enjoyment by such Borrower or Restricted Entity of such properties and assets in the normal course of business as presently conducted or materially impair the value thereof for use in such business.

(h) Federal Reserve Regulations; Use of Proceeds.
(i) Neither such Borrower or FMPO, as applicable, nor any of their respective Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(ii) No part of the proceeds of the Loans or any Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including, without limitation, Regulations G, U or X thereof.

(iii) Such Borrower will use the proceeds of all Loans made to it and request the issuance of Letters of Credit for the funding of capital expenditures, working

capital and general corporate purposes.

(i) Taxes. Such Borrower or FMPO, as applicable, and their respective Subsidiaries have filed or caused to be filed all material Federal, state, local and foreign tax returns which are required to be filed by them, and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by any of them, other than any taxes or assessments the validity of which such Borrower or FMPO, as applicable, or any Subsidiary thereof is contesting in good faith by appropriate proceedings, and with respect to which such Borrower or FMPO, as applicable, or any Subsidiary thereof shall, to the extent required by GAAP, have set aside on its books adequate reserves.

(j) Employee Benefit Plans. Each of such Borrower or FMPO, as applicable, and their respective ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could materially and adversely affect the financial condition and operations of such Borrower or FMPO, as applicable, and their respective ERISA Affiliates, taken as a whole. The present value of all benefit liabilities under each Plan, determined on a plan termination basis (based on those assumptions used for financial disclosure purposes in accordance with Statement of Financial Accounting Standards No. 87 of the Financial Accounting Standards Board ("SFAS 87") did not, as of the last annual valuation date applicable thereto, exceed by more than $ 5,000,000 the value of the assets of such Plan, and the present value of all benefit liabilities of all underfunded Plans, determined on a plan termination basis (based on those assumptions used for financial disclosure purposes in accordance with SFAS 87) did not, as of the last annual valuation dates applicable thereto, exceed by more than $5,000,000 the value of the assets of all such underfunded Plans.

(k) Investment Company Act. Neither such Borrower or FMPO, as applicable, nor any of their respective Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended from time to time.

(1) Public Utility Holding Company Act. Neither such Borrower or FMPO, as applicable, nor any of their respective Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended from time to time.

(m) Subsidiaries. Schedule III constitutes a complete and correct list, as of the Effective Date or the date of any update thereof required by Section 5.01(a)(5), of all Restricted Entities of the Borrowers with at least $1,000,000 in total assets, indicating the jurisdiction of incorporation or organization of each corporation or partnership and the percentage of shares or units owned on such date directly or indirectly by the Borrowers in each. Each entity shown as a parent company owns on such date, free and clear of all Liens, the percentage of voting shares or partnership interests outstanding of its Restricted Entities shown on Schedule III, and all such shares or partnership interests are validly issued and fully paid.

(n) Environmental Matters. (1) The Properties of such Borrower or FMPO, as applicable, and their respective Subsidiaries and all operations of such Borrower or FMPO, as applicable, and their respective Subsidiaries are in compliance, and in the last three years have been in

compliance, with all Environmental Laws, and all necessary Environmental Permits have been obtained and are in effect, and are not the subject of any pending or threatened challenge by any Governmental Authority or Person, except to the extent that such noncompliance, challenge or failure to obtain any necessary permits, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(2) There have been no Releases or threatened Releases at, from, under or proximate to its Properties or otherwise in connection with the operations of such Borrower or FMPO, as applicable, or their respective Subsidiaries, which Releases or threatened Releases, in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(3) Neither such Borrower or FMPO, as applicable, nor any of their respective Subsidiaries has received any notice of an Environmental Claim in connection with its Properties or the operations of such Borrower or FMPO, as applicable, or their respective Subsidiaries or with regard to any Person whose liabilities for environmental matters such Borrower or FMPO, as applicable, or their respective Subsidiaries has retained or assumed, in whole or in part, contractually, by operation of law or otherwise, which, in the aggregate, could reasonably be expected to result in a Material Adverse Effect, nor does such Borrower or FMPO, as applicable, or their respective Subsidiaries have reason to believe that any such notice will be received or is being threatened.

(4) Hazardous Materials have not been transported from the Properties of such Borrower or FMPO, as applicable, or their respective Subsidiaries, nor have Hazardous Materials been generated, treated, stored or disposed of at, on or under any of such Properties in a manner that could give rise to liability under any Environmental Law, nor has such Borrower or FMPO, as applicable, nor any of their respective Subsidiaries retained or assumed any liability, contractually, by operation of law or otherwise, with respect to the generation, treatment, storage or disposal of Hazardous Materials, which transportation, generation, treatment, storage or disposal, or retained or assumed liabilities, in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(o) Solvency. (i) The fair salable value of the assets of such Borrower and its Subsidiaries will exceed the amount that will be required to be paid on or in respect of the Debt and other obligations of such Borrower and its Subsidiaries as they become absolute and mature.

(ii) Such Borrower and its Subsidiaries will not have unreasonably small capital to carry out their businesses as conducted or as proposed to be conducted.

(iii) Such Borrower, on a consolidated basis, does not intend to, and does not believe that it will, incur Debt and other obligations beyond its ability to pay such Debt and obligations as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of such Debt and obligations).

(p) No Material Misstatements. No information, report (including any exhibit, schedule or other attachment thereto or other document delivered in connection therewith), financial statement, exhibit or schedule prepared or furnished by such Borrower or FMPO, as applicable, to the Administrative Agent or any Lender or Issuing Bank in connection with this Agreement or any of the other Loan Documents or included therein contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the

statements therein, taken as a whole in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

Conditions to Initial Credit Event

Subject to satisfaction of the conditions to each Credit Event required by Section 6.01, the Borrowers may not borrow Loans hereunder until the first date upon which the following conditions have been satisfied:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto and to the FTX Guarantee Agreement and the FMPO Guarantee Agreement either (i) a counterpart of this Agreement or such Guarantee Agreements, as applicable, signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature of this Agreement or such Guarantee Agreements, as applicable) that such party has signed a counterpart to this Agreement or such Guarantee Agreements, as applicable.

(b) The Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of each of (i) the General Counsel of the Borrowers, substantially to the effect set forth in Exhibit D, (ii) Jones, Walker, Poitevent, Carrere & Denegre, L.L.P., counsel for the Borrowers, FTX and FMPO, substantially to the effect set forth in Exhibit E, (iii) Texas counsel for Circle C, ssubstantially to the effect set forth in Exhibit F, and (iv) Neww York counsel, substantially to the effect set forth in Exhibit G, and, in the case of each such opinion required by this paragraph, covering such other matters relating to the Loan Documents and the transactions contemplated thereby as the Administrative Agent shall reasonably request, and the Borrowers hereby instruct such counsel to deliver such opinions.

(c) All legal matters incident to this Agreement, the Guarantee Agreements, the Borrowings and extensions of credit hereunder or the other Loan Documents shall be satisfactory to the Lenders, the Issuing Banks and to Cravath, Swaine & Moore, special counsel for the Agents.

(d) The Administrative Agent shall have received (i) a copy of the Certificate of Incorporation, including all amendments thereto, of each of Circle C and the Guarantors, certified as of a recent date by the Secretary of State of the state of its organization, and a certificate from such Secretary of State as to the good standing of each of Circle C and the Guarantors as of a recent date and the filing of all franchise tax returns and the payment of all franchise taxes rrequired by law to be filed and paid by each of Circle C and the Guarantors to the date of such certificate; (ii) a certificate of the Secretary or Assistant Secretary of each of Circle C and the Guarantors dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the By-laws of Circle C or such Guarantor, as applicable, as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of Circle C or such Guarantor, as applicable, authorizing the execution, delivery and performance of the Loan Documents to which Circle C or such Guarantor, as applicable (and, in the case of FMPO, also in its capacity as a Restricted Entity), is a party and, in the case of Circle C, the Borrowings hereunder and the Letters of Credit issued hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the

Certificate of Incorporation and By-laws of Circle C or such Guarantor, as applicable, have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above or the date of the certificate furnished pursuant to clause (ii) above, as applicable, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of Circle C or such Guarantor, as applicable (and, in the case of FMPO, also in its capacity as a Restricted Entity); (iii) a certificate of another officer of each of Circle C and the Guarantors (and, in the case of FMPO, also in its capacity as a Restricted Entity) as to the incumbency and specimen signature of the applicable Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above; (iv) a certificate of the Secretary or an Assistant Secretary of FMPOC (or, if there shall be no such officer appointed, of FMPO as managing general partner of FMPOC), dated the Effective Date and certifying (A) that attached thereto are true and complete copies of the Agreement of General Partnership and all other constitutive documents, if any, of FMPOC as in effect on the date of such certificate and at all times since the resolution of FMPOC described in item (B) below, (B) that attached thereto is a true and complete copy of a resolution or similar authorization adopted by FMPO, as managing general partner of FMPOC, authorizing the execution, delivery and performance of this Agreement and the other Loan Documents executed and delivered or to be executed and delivered, as applicable, by FMPOC and the Borrowings hereunder by FMPOC and the Letters of Credit issued hereunder on behalf of FMPOC, and that such resolution or authorization has not been modified, rescinded or amended and is in full force and effect and (C) as to the incumbency and specimen signature of each officer executing on behalf of FMPOC the foregoing documents and any other document delivered or to be delivered in connection herewith or therewith; (v) a certificate of another officer of FMPOC (or, if there shall be no such officer appointed, of FMPO as managing general partner of FMPOC) as to the incumbency and signature of such Secretary or Assistant Secretary; and (vi) such other documents as the Lenders or Cravath, Swaine & Moore, special counsel for the Agents, may reasonably request.

(e) The Administrative Agent shall have received a certificate from each of the Borrowers and the Guarantors dated the Effective Date and signed by a Financial Officer of each such Borrower or Guarantor, as applicable, confirming compliance with the conditions precedent set forth in paragraphs (i) and (iii) of Section 6.01.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers or the Guarantors hereunder or under any other Loan Document.

(g) After giving effect to the transactions contemplated hereby, the Borrowers and the Restricted Entities shall have outstanding no Debt or preferred stock other than (i) the Loans and other extensions of credit under this Agreement and (ii) the Debt permitted under Section 5.02(e); provided, however, that such Debt that shall remain outstanding after the Effective Date pursuant to the terms of Section 5.02(e) shall be satisfactory in all respects to the Lenders (including, but not limited to, terms and conditions relating to the interest rates, fees, amortization, maturity, subordination, covenants, events of default and remedies).

(h) The Lenders and the Issuing Banks shall be satisfied that the consummation of the transactions contemplated by this Agreement will not (i) violate any applicable law, statute, rule or regulation (including, but

not limited to, ERISA, margin regulations and Environmental Laws) or (ii) conflict with, or result in a default or event of default under (x) any indenture relating to any existing indebtedness of any of the Borrowers, Restricted Entities or Guarantors that is not being repaid, repurchased or redeemed in full on or prior to the Effective Date in connection with the Merger or (y) any other material agreement of a Borrower, Restricted Entity or Guarantor, and the Administrative Agent shall have received one or more legal opinions to such effect satisfactory to the Administrative Agent, from counsel to the Borrowers and the Guarantors satisfactory to the Administrative Agent.

(i) The Borrowers, Restricted Entities and Guarantors shall have in place insurance with reputable insurance companies or associations (or, to the extent consistent with prudent business practice, through its own program of self-insurance) in such amounts and covering such risks as is usually carried by companies in similar businesses and owning similar Properties in the same general areas in which such Borrower, Restricted Entity or Guarantor operates.

(j) The Lenders and the Issuing Banks shall have received a copy, in a form satisfactory to the Administrative Agent, of the IGL Credit Facility.

ARTICLE V

Covenants

SECTION 5.01. Affirmative Covenants of the Borrowers and FMPO. Each of the Borrowers and FMPO covenants and agrees with each Lender and Issuing Bank and Agent that, from and after the Effective Date and so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders otherwise provide prior written consent:

(a) Financial Statements, etc. With respect to the Borrowers and FMPO, each such Person, as applicable, shall furnish each Lender and Issuing Bank:

(1) within 95 days after the end of each fiscal year of FMPO, a consolidated balance sheet of FMPO and its Subsidiaries as at the close of such fiscal year and consolidated statements of operation and changes in retained earnings and cash flow of FMPO and its Subsidiaries for such year, with the opinion thereon of Arthur Andersen LLP or other independent public accountants of national standing selected by FMPO to the effect that such consolidated financial statements fairly present FMPO's financial condition and results of operations on a consolidated basis in accordance with GAAP consistently applied, except as disclosed in such auditor's report;

(2) within 50 days after the end of each of the first three quarters of each of FMPO's fiscal years, a consolidated balance sheet of FMPO and FMPO's Subsidiaries as at the end of such quarter and consolidated statements of income of FMPO and FMPO's Subsidiaries, for such quarter and for the period from the beginning of the fiscal year to the end of such quarter, certified by one of FMPO's Financial Officers as fairly presenting FMPO's financial condition and results of operations on a consolidated basis in accordance with GAAP consistently applied, subject to

normal year-end audit adjustments;

(3) promptly after their becoming available, (i) copies of all financial statements, reports and proxy statements which it shall have sent to its stockholders or unitholders, as applicable, generally, (ii) copies of all registration statements (excluding registration statements relating to employee benefit plans) and regular and periodic reports, if any, which it shall have filed with the SEC or any national securities exchange and (iii) if requested by any Lender or Issuing Bank, copies of each annual report filed with any Governmental Authority pursuant to ERISA with respect to each Plan of it or any of its Subsidiaries;

(4) promptly upon the occurrence of any Default or Event of Default, the occurrence of any default under any other Loan Document, the commencement of any proceeding regarding it or any of its Subsidiaries under any Federal or state bankruptcy law, any other development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect, notice thereof, describing the same in reasonable detail (copies of which notice shall be promptly delivered by the Administrative Agent to each Guarantor);

(5) promptly upon the occurrence of any development that, in the judgment of either Borrower or FMPO, has resulted in, or could reasonably be anticipated to result in, a Material Adverse Effect on the business, assets, operations or financial condition of the Borrowers or their respective ability to comply with their respective obligations under the Loan Documents, notice thereof, describing the same in reasonable detail;

(6) 30 days prior to the commencement of each fiscal year of FMPO, a consolidated operating budget of FMPO (including the operating budgets of the Borrowers) for such fiscal year;

(7) at the time of provision of the financial statements referred to in clauses (1) and (2) above, an update of Schedule III to correct, add or delete any required information; and

(8) from time to time, such further information regarding the business, affairs and financial condition of it or any Subsidiary thereof as any Lender may reasonably request.

At the time a Borrower or FMPO furnishes financial statements pursuant to the foregoing clauses (1) and (2), it also will furnish each Lender and Issuing Bank a certificate signed by its Treasurer or any other authorized Financial Officer certifying that no Default or Event of Default has occurred, or if such a Default or Event of Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto.

(b) Obligations, Taxes and Claims. Such Borrower or FMPO, as applicable, shall, and shall cause each of its Subsidiaries to, pay its material obligations promptly and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, prior to the date on which material penalties attach thereto, as well as all lawful claims for labor, materials and supplies or otherwise that, with respect to any of the foregoing, if unpaid, could reasonably be expected to give rise to a Lien upon such properties or any part thereof which is not permitted by Section 5.02(d); provided that

neither such Borrower or FMPO nor any Subsidiary thereof shall be required to pay or discharge any such obligation, tax, assessment, charge, levy or claim, the payment of which is being contested in good faith by proper proceedings and with respect to which such Borrower or FMPO, or such Subsidiary thereof, shall have, to the extent required by GAAP, set aside on its books adequate reserves and such contest operates to suspend collection of the contested obligation, tax, assessment or charge and enforcement of such Lien and, in the case of a mortgaged property, there is no risk of forfeiture of such property.

(c) Maintenance of Existence; Conduct of Business. Such Borrower shall, and shall cause its Restricted Subsidiaries to, or FMPO shall, as applicable, preserve and maintain its corporate existence and all its rights, privileges and franchises necessary or desirable in the normal conduct of its business; provided that nothing herein shall prevent any transaction permitted by Section 5.02(c).

(d) Compliance with Applicable Laws. Such Borrower or FMPO, as applicable, shall, and shall cause each of its Subsidiaries to, comply with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority, a breach of which would materially and adversely affect its consolidated financial condition or business, except where contested in good faith and by proper proceedings and with respect to which such Borrower or FMPO, or such Subsidiary thereof, shall have, to the extent required by GAAP, set aside on its books adequate reserves.

(e) Litigation. Such Borrower shall, and shall cause its Restricted Subsidiaries to, or FMPO shall, as applicable, promptly give to each Lender and Issuing Bank notice in writing of all litigation and all proceedings before any Governmental Authority or arbitration authorities affecting it or any Subsidiary thereof, except those which, if adversely determined, do not relate to the Loan Documents and which would not have a Material Adverse Effect on its business, assets, operations or financial condition or its ability to comply with its obligations under the Loan Documents.

(f) ERISA. Such Borrower shall, and shall cause each of its ERISA Affiliates to, or FMPO shall, and shall cause each of its ERISA Affiliates to, as applicable, comply in all material respects with the applicable provisions of ERISA and the Code and furnish to the Administrative Agent as soon as possible, and in any event within 30 days after any Responsible Officer of it or any ERISA Affiliate thereof knows or has reason to know that any ERISA Event has occurred that alone or together with any other ERISA Event could reasonably be expected to result in liability of it in an aggregate amount exceeding $25,000,000 or requires payment exceeding $10,000,000 in any year, a statement of a Financial Officer thereof setting forth details as to such ERISA Event and the action that it proposes to take with respect thereto.

(g) Compliance with Environmental Laws. Such Borrower shall, and shall cause its Restricted Subsidiaries and all lessees and other Persons occupying its Properties to, or FMPO shall, and shall cause all lessees and other Persons occupying its Properties to, as applicable, comply in all material respects with all Environmental Laws and Environmental Permits applicable to its operations and Properties; obtain and renew all material Environmental Permits necessary for its operations and Properties; and conduct any Remedial Action in accordance with Environmental Laws; provided, however, that neither such Borrower nor the Restricted Entities shall be required to undertake any Remedial Action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect

to such circumstances in accordance with GAAP.

(h) Preparation of Environmental Reports. If a default caused by reason of a breach of Section 3.01(n) or 5.01(g) shall have occurred and be continuing, at the request of the Required Lenders through the Administrative Agent, such Borrower or FMPO, as applicable, shall provide to the Lenders within 45 days after such request, at the expense of such Borrower or FMPO, as applicable, an environmental site assessment report for the Properties (which are the subject of such default) prepared by an environmental consulting firm acceptable to the Administrative Agent, indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance or Remedial Action in connection with such Properties.

(i) Insurance. Such Borrower shall, and shall cause its Restricted Subsidiaries to, or FMPO shall, as applicable, (i) keep its insurable Properties adequately insured at all times; (ii) maintain such other insurance, to such extent and against such risks, including fire, flood and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses; (iii) maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it in such amount as it shall reasonably deem necessary; and (iv) maintain such other insurance as may be required by law.

(j) Access to Premises and Records. Such Borrower or FMPO, as applicable, shall, and shall cause each of its Subsidiaries to, maintain financial records in accordance with GAAP, and, at all reasonable times and as often as any Lender or Issuing Bank may reasonably request, permit representatives of any Lender to have access to its financial records and its premises and to the records and premises of any of its Subsidiaries and to make such excerpts from and copies of such records as such representatives deem necessary and to discuss its affairs, finances and accounts with its officers and its independent certified public accountants or other parties preparing consolidated or consolidating statements for it or on its behalf.

(k) Maintenance of Property. Such Borrower shall, and shall cause each of its Restricted Subsidiaries to, or FMPO shall, as applicable, keep and maintain all property material to the conduct of its business, taken as a whole, in good working order and condition, ordinary wear and tear excepted.

(l) Further Assurances. Such Borrower shall, and shall cause the Restricted Subsidiaries to, and FMPO shall execute any and all further documents, financing statements, agreements and instruments, and take all further actions, which may be required under applicable law, or which the Required Lenders, the Administrative Agent or the Documentary Agent may reasonably request, in order to effectuate the transactions contemplated by this Agreement and the other Loan Documents.

SECTION 5.02. Negative Covenants of the Borrowers and FMPO. Each of the Borrowers and FMPO covenants and agrees with each Lender, Issuing Bank and Agent that, from and after the Effective Date and so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document have been paid in full, and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, without the prior written consent of the Required Lenders:

(a) Conflicting Agreements. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, enter into any agreement with any Person containing any provision which (i) would be violated or breached by the performance of its obligations under any Loan Document or under any instrument or document delivered or to be delivered by it hereunder or thereunder or in connection herewith or therewith or (ii) would prohibit or restrict the payment of dividends or other distributions by such Borrower or any of its Restricted Subsidiaries, as applicable.

(b) Hedge Transactions. Such Borrower shall, and shall cause its Restricted Subsidiaries to, or FMPO shall, as applicable, enter into or become obligated with respect to Hedge Agreements only in the ordinary course of business to hedge or protect against actual or reasonably anticipated exposures and not for speculation.

(c) Consolidation or Merger; Disposition of Assets and Capital Stock. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, merge, acquire or consolidate with any other Person or permit any other Person to merge into or consolidate with it, unless (i) either Borrower or any Restricted Entity shall be the continuing entity, or the successor entity (if other than either Borrower or any Restricted Entity) formed by or resulting from such merger, acquisition or consolidation is organized under the laws of any jurisdiction in the United States and assumes such Person's obligations under this Agreement and (ii) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing; provided, however, that notwithstanding the above or any other provision of this Agreement to the contrary, FMPO may sell, transfer or otherwise dispose of, or give options to purchase, all the stock and/or assets of Circle C, provided that contemporaneously with any such sale, transfer or other disposition, each of the Circle C Revolving Credit Commitments and the Term Loan Commitment are terminated and the principal of and interest on each of the Revolving Loans made to Circle C and the Term Loan, and all Fees and other expenses or amounts payable relating to such Revolving Loans and the Term Loan, have been paid in full by Circle C and all Circle C Letters of Credit have been canceled, have expired or have otherwise been cash collateralized in full and all L/C Disbursements under a Circle C Letter of Credit, together with any interest accrued thereon, have been repaid in full by Circle C pursuant hereto; and provided further that FMPO shall not, under any circumstances during the term of this Agreement, sell, transfer or dispose of all or substantially all of the partnership interests or assets of FMPOC. Upon any sale, transfer or other disposition of the stock and/or assets of Circle C, Circle C shall be fully released from all of its rights and obligations hereunder (other than any obligations arising under Section 2.17, 10.02 or 10.04) and under any other Loan Documents.

(d) Liens. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, create, incur, assume or suffer to exist any Lien upon any of its Properties or assets (including stock or other securities of any Person, including any Subsidiary) that is pari passu with or senior to the Liens granted to the Guarantors under the Guarantee Agreements, except for:

(i) materialmen's, suppliers', tax and other similar Liens arising in the ordinary course of the business of such Borrower, such Restricted Subsidiary or FMPO, securing obligations which are not overdue or are being contested in good faith by appropriate proceedings and as to which adequate reserves have been set aside on such Person's books to the extent required by GAAP;

(ii) Liens arising in connection with worker's compensation, unemployment insurance and progress payments under government contracts;

(iii) other Liens incident to the ordinary conduct of the business of such Borrower, such Restricted Subsidiary or FMPO or the ordinary operation of such Person's properties or assets and not incurred in connection with the obtaining of any Debt and which do not in the aggregate materially detract from the value of such Person's assets or materially impair the use thereof in the operation of such Person's business;

(iv) zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of such Borrower, such Restricted Subsidiary or FMPO;

(v) Liens of lessors of property (in such capacity) leased by such Borrower, such Restricted Subsidiary or FMPO which Liens are limited to the property leased thereunder;

(vi) Liens existing on the Effective Date and set forth on Schedule IV;

(vii) Liens upon such Borrower's, such Restricted Entity's or FMPO's interest in any investment included in the Investment Basket pursuant to Section 5.03(b) or securing Debt included in the Debt Basket pursuant to Section 5.03(c);

(viii) Liens upon cash securing any payment obligations or contingent reimbursement obligations of such Borrower, such Restricted Subsidiary or FMPO to the extent that such obligations are permitted under this Agreement; and

(ix) any extension, renewal or replacement of any of the foregoing.

(e) Debt. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, incur, create, assume or permit to exist any Debt except for:

(i) unsecured Debt (x) between the Borrowers, (y) between any Restricted Entities and (z) between any Borrower and any Restricted Entity;

(ii) Debt included in the Debt Basket pursuant to Section 5.03(c);

(iii) in addition to the other Debt permitted by this Section 5.02(e), Debt (including the aggregate Loans outstanding under the Tranches) not in excess of the aggregate amounts set forth in Section 2.07(c)(i) as of the dates set forth therein;

(iv) Debt secured by Liens permitted under Section 5.02(d)(vi), which Debt is set forth on Schedule IV;

(v) the reimbursement obligations of such Borrower or Restricted Entity to the Guarantors; and

(vi) the Loans.

(f) Fiscal Year. Such Borrower or FMPO, as applicable, shall not change its fiscal year to end on any

date other than December 31.

(g) Investments in Nonrestricted Subsidiaries and Persons Not Subsidiaries. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, (i) purchase, hold or acquire any capital stock, evidences of Debt or other securities of, (ii) make or permit to exist any loans or advances to or (iii) make or permit to exist any investment or any other interest in, any Person other than a Borrower or a Restricted Entity (each such party, a "Third Party") except for:

(A) investments, loans, advances, holdings and contributions existing on the Effective Date;

(B) Permitted Investments;

(C) investments of cash or other assets included in the Investment Basket pursuant to Section 5.03(b);

(D) promissory notes payable to a Borrower or Restricted Entity representing the purchase price of assets sold by such Borrower or Restricted Entity to the extent such promissory notes are secured by the assets sold; provided that such asset sales are made to Third Parties pursuant to arm's-length transactions; and

(E) any transactions otherwise permitted under Section 5.02(e).

(h) Federal Reserve Regulations. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, use the proceeds of any Loan in any manner that would result in a violation of, or be inconsistent with, the provisions of Regulations G, U or X. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, take any action at any time that would (A) result in a violation of the substitution and withdrawal requirements of said Regulations, in the event the same should become applicable to this Agreement or any Loan or (B) cause the representation and warranty contained in Section 3.01(h) at any time to be other than true and correct.

(i) Equity Payments. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, make an Equity Payment; provided, however, that such Borrower or Restricted Entity may make an Equity Payment to any other Borrower or Restricted Entity.

(j) Scope of Borrower's Business. Such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, engage in any material manner in any business activities other than the Real Estate Business.

(k) Asset Sales. Except in connection with a transaction permitted under Section 5.02(c), such Borrower shall not, and shall cause its Restricted Subsidiaries not to, or FMPO shall not, as applicable, sell, lease, assign, transfer or otherwise dispose of, or give options to purchase, all or substantially all of the properties and assets of the Borrowers and the Restricted Entities, taken as a whole, to any Person in a single transaction or a series of related transactions, unless, contemporaneously with such sale, all the Commitments have been terminated and the principal of and interest on each Loan, all fees and other expenses or amounts payable under such Loan Documents have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full.

SECTION 5.03. Permitted Transactions. (a) Each

of the Borrowers and Restricted Entities may invest in Third Parties and incur Debt in connection with such investments on the terms set forth in this Section 5.03. Any Borrower may invest in any other Borrower or in any Restricted Entity and incur Debt in connection with such investments without limitation or restriction. Any Restricted Entity may invest in any Borrower or in any other Restricted Entity without limitation or restriction. Nonrestricted Subsidiaries and other Affiliates of the Borrowers may invest in any Persons and incur Debt in connection with such investments without limitation or restriction.

(b) Permitted Third Party Investments. Each of the Borrowers and Restricted Entities may make investments of cash and other assets (valued at the book value disclosed in the most recent Annual Report on Form 10-K filed by FMPO with the SEC prior to the date of such investment) in Third Parties; provided, however, that (i) such Third Party is involved primarily in the Real Estate Business and (ii) the aggregate amount of all such outstanding investments by all the Borrowers and Restricted Entities pursuant to this paragraph (b) at any time, when taken as a whole, shall not exceed $10,000,000 (the "Investment Basket").

(c) Permitted Third Party Debt. Each of the Borrowers and the Restricted Entities may incur, create, assume or permit to exist any Debt (including Guarantees of Debt of any Third Party and Capitalized Lease Obligations) in connection with any investments in Third Parties permitted by paragraph (b) above; provided, however, that the aggregate amount of all such outstanding Debt incurred by all the Borrowers and Restricted Entities pursuant to this paragraph (c) at any time, when taken as a whole, shall not exceed $10,000,000 (the "Debt Basket").

ARTICLE VI

Conditions to Credit Events

SECTION 6.01. Conditions Precedent to Each Credit Event. Each Credit Event shall be subject to the following conditions precedent:

(i) the representations and warranties on the part of the relevant Borrower, FMPO, as a Restricted Entity, and the Guarantors contained in the Loan Documents shall be true and correct in all material respects at and as of the date of such Credit Event as though made on and as of such date;

(ii) the Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03;

(iii) no Event of Default shall have occurred and be continuing on the date of such Credit Event or would result after giving effect to such Credit Event;

(iv) the Loans to be made by the Lenders on such date, and the use of the proceeds thereof and the security arrangements contemplated hereby shall not result in a violation of Regulations G, U or X, as in effect on the date of such Borrowing. If required by Regulation U as a result of such use of proceeds, such Borrower shall have delivered to the Lenders a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U;

(v) there shall have been no amendments to the Certificate of Incorporation, By-laws or Agreement of General Partnership, as applicable, of the Borrowers or Guarantors since the date of the Certificates furnished

by the Borrowers and Guarantors on the Effective Date, other than amendments, if any, copies of which have been furnished to the Administrative Agent; and

(vi) there shall be no proceeding for the dissolution or liquidation of any of the Borrowers or Guarantors or any proceeding to revoke the Certificate of Incorporation or Agreement of General Partnership, as applicable, of such Borrower or Guarantor or its corporate existence, which is pending or, to the knowledge of the Borrowers or Guarantors, threatened against or affecting it.

SECTION 6.02. Representations and Warranties with Respect to Credit Events. Each Credit Event shall be deemed a representation and warranty by the relevant Borrower that the conditions precedent to such Credit Event, unless otherwise waived in accordance herewith, shall have been satisfied.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. If any of the following acts or occurrences (an "Event of Default") shall occur and be continuing:

(a) default for three or more days in the payment when due of any principal of any Loan;

(b) default for five or more days in the payment when due of any interest on any Loan, or of any other amount payable under the Loan Documents;

(c) any representation or warranty made or deemed made in or in connection with any Loan Document or in any certificate, letter or other writing or instrument furnished or delivered to the Lenders or the Agents pursuant to any Loan Document shall prove to have been incorrect in any material respect when made or effective or reaffirmed and repeated, as the case may be;

(d) default by a Borrower or FMPO in the due observance or performance of any covenant, condition or agreement in Section 5.01(a)(4) (with respect to notices of Defaults or Events of Default) or in Section 5.01(c) or (l), other than the covenant to preserve and maintain all of such Borrower's or FMPO's, as applicable, rights, privileges and franchises desirable in the normal conduct of its business;

(e) default by a Borrower or FMPO in the due observance or performance of any covenant, condition or agreement in Section 5.02 (other than Section 5.02(f));

(f) default by a Borrower or any Restricted Entity in the due observance or performance of any other covenant, condition or agreement in the Loan Documents which shall remain unremedied for 30 days after written notice thereof shall have been given to such Borrower or Restricted Entity, as applicable, by the Administrative Agent or any Lender;

(g) upon the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement, the execution of the IGL Guarantee Agreement and the satisfaction of the conditions precedent set forth in the IGL Credit Agreement, default by IGL in the due observance or performance of any covenant, condition or agreement in the IGL Guarantee Agreement;

(h) either a Borrower, Restricted Entity or Guarantor shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, liquidation or similar law, (ii) consent to the institution of, or fail to contravene in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (i) below, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such Borrower, Restricted Entity or Guarantor or for a substantial part of its property or assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of a Borrower, Restricted Entity or Guarantor, or of a substantial part of the property or assets of a Borrower, Restricted Entity or Guarantor, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for a Borrower, Restricted Entity or Guarantor or for a substantial part of the property of such Borrower, Restricted Entity or Guarantor or (iii) the winding-up or liquidation of a Borrower, Restricted Entity or Guarantor; and such proceeding or petition shall continue undismissed for 60 days, or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days;

(j) default shall be made with respect to (i) Hedge Agreements or (ii) any Debt of a Borrower or a Restricted Entity if the effect of any such default shall be to permit the holder or obligee of any such obligations or Debt (or any trustee on behalf of such holder or obligee) to accelerate (with or without notice or lapse of time or both), the maturity of such Debt and/or the payment of any net termination value in respect of Hedge Agreements, as applicable, in an aggregate amount in excess of $5,000,000; or any payment, regardless of amount, of (A) net termination value on any such obligation in respect of Hedge Agreements and/or (B) any Debt of a Borrower or Restricted Entity, as applicable, in an aggregate principal amount (or in the case of a Hedge Agreement, net termination value) in excess of $5,000,000, shall not be paid when due, whether at maturity, by acceleration or otherwise (after giving effect to any period of grace specified in the instrument evidencing or governing such Debt or other obligation);

(k) upon the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement, the execution of the IGL Guarantee Agreement and the satisfaction of the conditions precedent set forth in the IGL Guarantee Agreement, default shall be made with respect to any Debt of IGL if the effect of any such default shall be to accelerate the maturity of such Debt in an aggregate principal amount in excess of $100,000,000;

(l) an ERISA Event shall have occurred with respect to any Plan or Multiemployer Plan that, when taken together with all other ERISA Events, reasonably could be expected to result in liability of a Borrower or Restricted Entity and any ERISA Affiliate thereof in an aggregate amount exceeding $5,000,000 or requires payments exceeding $5,000,000 in any year;

(m) one or more judgments for the payment of money in an aggregate amount in excess of $5,000,000 shall be rendered by a court or other tribunal against a Borrower or Restricted Entity and shall remain undischarged for a period of 45 consecutive days during which execution of such judgment shall not have been effectively stayed; or any action shall be legally taken by a judgment creditor to levy upon assets or Properties of such Borrower or Restricted Entity to enforce any such judgment; or

(n) there shall have occurred a Change in Control; then, and in any such event (other than an event with respect to a Borrower, Restricted Entity or Guarantor described in clause (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by written, telecopied, telex or telegraphic notice to the Borrowers, Restricted Entities and Guarantors, take one or more of the following actions at the same or different times: (i) declare the Commitments under the Tranches to be terminated, whereupon such Commitments shall forthwith terminate or (ii) declare the Loans and all other sums then owing by the Borrowers under the Loan Documents to be forthwith due and payable, whereupon all the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become and be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein to the contrary notwithstanding; provided, however, that upon the occurrence of any event described in clause (h) or (i) of this Section 7.01 as to which a Borrower or Guarantor is the entity involved, the Commitments will forthwith terminate and all sums then owing by the Borrowers to the Lenders on the Loans or otherwise hereunder shall, without any declaration or other action by any Lender, Issuing Lender or Agent hereunder, be immediately due and payable and the Commitments under the Tranches shall be immediately terminated without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding; and provided further that upon the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement, the execution of the IGL Guarantee Agreement and the satisfaction of the conditions precedent set forth in the IGL Guarantee Agreement, the IGL Guarantee Agreement shall be deemed to amend and restate the FTX Guarantee Agreement in its entirety and, with respect to any Events of Default applicable to IGL hereunder, the amendment or waiver of the same event of default or the related cure rights or periods by the lenders under the IGL Credit Facility shall be deemed to constitute on amendment or waiver of the corresponding Event of Default or cure right or period hereunder. Promptly following the making of any such declaration described above, the Administrative Agent shall give prompt notice thereof to the Borrowers and Guarantors but failure to do so shall not impair the effect of such declaration. Upon the occurrence of any Event of Default, any security interests of the Guarantors in respect of the Properties or assets of the Borrowers shall be subordinated to the interests of the Lenders hereunder and in the other Loan Documents.

ARTICLE VIII

Guarantees

All the rights and obligations of each of the Guarantors in connection with the transactions contemplated by this Agreement shall be set forth in the applicable Guarantee Agreement, as shall be in effect from time to time.

ARTICLE IX

The Agents

(a) For convenience of administration and to expedite the transactions contemplated by this Agreement, Chase is hereby appointed as Administrative Agent and Documentary Agent for the Lenders under this Agreement. Neither of the Agents shall have any duties or responsibilities with respect hereto except those expressly set forth herein or in the other Loan Documents. Each Lender and Issuing Bank and its successors and permitted assigns hereby irrevocably appoints and expressly authorizes the Agents, without hereby limiting any implied authority, to take such action as the Agents may deem appropriate on its behalf and to exercise such powers under this Agreement as are specifically delegated to such Person by the terms hereof, together with such powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders and Issuing Banks, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders and Issuing Banks all payments of principal of and interest on the Loans and all other amounts due to the Lenders and Issuing Banks hereunder, and promptly to distribute to each Lender and Issuing Bank its proper share of each payment so received; (b) to give notice on behalf of the Lenders and Issuing Banks to the Borrowers of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder or as directed by the Required Lenders; and (c) to distribute to each Lender and Issuing Bank copies of all notices, financial statements and other materials delivered by the Borrowers pursuant to this Agreement as received by the Administrative Agent.

(b) Neither of the Agents or any of their respective directors, officers, agents or employees shall be liable as such for any action taken or omitted to be taken by any of them except for its or his own gross negligence or wilful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers or any other party of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Agents shall not be responsible to the Lenders or the Issuing Banks for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Agents shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on each Lender and its successors or permitted assigns. Each Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by

the proper Person or Persons. Neither of the Agents nor any of their respective directors, officers, employees or agents shall have any responsibility to the Borrowers or any other party on account of the failure of or delay in performance or breach by any Lender or Issuing Bank of any of its obligations hereunder or to any Lender or Issuing Bank on account of the failure of or delay in performance or breach by any other Lender or Issuing Bank or the Borrowers or any other party of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. Each of the Agents may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel. Each of the Lenders and Issuing Banks hereby acknowledge that none of the Agents shall be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

(c) To the extent that any Agent shall not be reimbursed by the Borrowers for any costs, liabilities or expenses incurred in such capacity, each Lender agrees (i) to reimburse the Agents, on demand (in the amount of its Applicable Percentage hereunder) of any expenses incurred for the benefit of the Lenders by the Agents, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders and (ii) to indemnify and hold harmless each Agent and any of its directors, officers, employees or agents, on demand, in the amount of such Applicable Percentage, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document; provided, however, that no Lender shall be liable to an Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of such Agent or of its directors, officers, employees or agents.

(d) With respect to the Loans made by it hereunder or the Letters of Credit issued by it hereunder, each Agent, in its individual capacity and not as Agent, shall have the same rights and powers as any other Lender or Issuing Bank, as applicable, and may exercise the same as though it were not an Agent, and the Agents and their Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any of their respective Subsidiaries or other Affiliate thereof as if it were not an Agent.

(e) Subject to the appointment and acceptance of a successor Agent as provided below, any Agent may resign at any time by giving written notice thereof to the Lenders, the Issuing Banks and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint, and the Borrowers shall have the right to approve (such approval not to be unreasonably withheld or delayed) a successor Administrative Agent or Documentary Agent, as the case may be. If no successor Administrative Agent or Documentary Agent, as the case may be, shall have been so appointed and approved and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Person may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent or Documentary Agent, as the case may be, which shall be a Lender with an office in

New York, New York, having a combined capital and surplus of at least $500,000,000 or an Affiliate of any such Lender. Upon the acceptance of any appointment as Administrative Agent or Documentary Agent hereunder by a successor Administrative Agent or Documentary Agent, as the case may be, such successor Administrative Agent or Documentary Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall from and after such date be discharged from its duties and obligations hereunder. After any such retiring Agent's resignation hereunder as Administrative Agent or Documentary Agent, as applicable, the provisions of this Article IX and Section 10.04 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was acting as the Administrative Agent or Documentary Agent, as applicable.

(f) The Administrative Agent and the Documentary Agent shall be responsible for supervising the preparation, execution and delivery of this Agreement and the other agreements and instruments contemplated hereby, any amendment or modification thereto and the closing of the transactions contemplated hereby and thereby.

(g) The obligations of the Administrative Agent and the Documentary Agent shall be separate and several and neither of them shall be responsible or liable for the acts or omissions of the other, except, to the extent that any such Agent serves in more than one agent capacity, such Agent shall be responsible for the acts and omissions relating to each such agency function.

(h) Each Lender and Issuing Bank acknowledges that it has, independently and without reliance upon the Agents or any other Lender or Issuing Banks and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Bank also acknowledges that it will, independently and without reliance upon the Agents or any other Lender or Issuing Banks and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

Miscellaneous

SECTION 10.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight or same day courier service or mailed or sent by telex, telecopy, graphic scanning or other telegraphic communications equipment of the sending party to the appropriate party's address set forth below:

(a) if to FMPOC, to it at:

1615 Poydras Street
New Orleans, LA 70112

Attention of: John G. Amato
Telecopy No.: (504) 582-1603;

(b) if to Circle C, to it at:

1615 Poydras Street
New Orleans, LA 70112

Attention of: John G. Amato
Telecopy No.: (504) 582-1603;

(c) if to FMPO, to it at:

1615 Poydras Street
New Orleans, LA 70112

Attention of: John G. Amato
Telecopy No.: (504) 582-1603;

(d) if to IGL, to it at:

2100 Sanders Road
Northbrook, IL 60062

Attention of: Eric Martinez, Assistant Treasurer
Telecopy No.: (847) 205-4930;

with a copy to:

Sidley & Austin
One First National Plaza
Chicago, IL 60603

Attention of: Sara E. Bartlett
Telecopy No.: (312) 853-7036

(e) if to the Administrative Agent or the Documentary Agent to:

The Chase Manhattan Bank
Loan and Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York, NY 10081

Attention of: Laura Rebecca
Telecopy No.: (212) 552-7490;

with a copy to:

The Chase Manhattan Bank
270 Park Avenue
New York, NY 10017

Attention of: James Ramage
Telecopy No.: (212) 270-4724; and

(f) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if hand delivered or delivered by any telecopy, telegraphic or telex communications equipment or three days after being sent by registered or certified mail, postage prepaid, return receipt requested, in each case addressed to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party.

SECTION 10.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers and FMPO, as a Restricted Entity, herein and by each of the Guarantors in the applicable Guarantee Agreement and in the certificates or other instruments prepared or delivered in connection with this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders, the Issuing Banks and the Agents and shall survive the making by the Lenders of the Loans or the issuing of Letters of Credit by the Issuing Banks regardless of any investigation made by the Lenders or

Issuing Banks, as applicable, or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan, L/C Disbursement, Fee or other fee or amount payable under the Loan Documents (other than contingent indemnification obligations) is outstanding and unpaid and so long as the Commitments and the outstanding Letters of Credit issued hereunder have not been terminated or have not expired.

SECTION 10.03. Successors and Assigns; Participation; Purchasing Lenders. (a) This Agreement shall be binding upon and inure to the benefit of the Borrowers, the Lenders, the Issuing Banks, the Agents and their respective successors and assigns, except that neither of the Borrowers may assign, delegate or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender and the other Borrower, except in connection with the Merger. Any Lender may at any time pledge or assign all or any portion of its rights under this Agreement to a Federal Reserve Bank to secure extensions of credit by such Federal Reserve Bank to such Lender; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such Federal Reserve Bank for such Lender as a party hereto.

(b) Any Lender may, in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in all or a portion of any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder; provided, however, that any such participating interest shall include a pro rata portion of each Tranche. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof and the Borrowers, the Issuing Banks and the Agents shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. The Borrowers agree that if amounts outstanding under this Agreement are due and unpaid, or shall have been declared due or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; provided that such right of setoff shall be subject to the obligation of such Participant to share with the Lenders, and the Lenders agree to share with such Participant, as provided in Section 2.14. The Borrowers also agree that each Participant shall be entitled to the benefits of Sections 2.10, 2.11, 2.12, 2.14, 2.16 and 10.05 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it were a Lender; provided that no Participant shall be entitled to receive any greater payment pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant unless such participation shall have been made at a time when the circumstances giving rise to such greater payment did not exist; and provided that the voting rights of any Participant would be limited to amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or changing or extending the Commitments.

(c) Any Lender may, in accordance with applicable law and subject to Section 10.03(h), at any time assign all or any part of its rights and obligations under this

Agreement (including all or a portion of its Commitment and the Loans at the time owing to it and its participation in Letters of Credit) (I) to any Lender or any Affiliate thereof, without the Borrowers' consent, or (II) to one or more additional banks or financial institutions (any such entity referred to in clause (I) or (II) being a "Purchasing Lender") with the consent of the Administrative Agent, the Borrowers and the Guarantors (and in the case of an assignment of all or a portion of a Revolving Credit Commitment or any Lender's obligations in respect of the L/C Exposure, the Issuing Banks), such consent not to be unreasonably withheld (it being understood that the Borrowers and Issuing Banks may withhold their respective consents to a Purchasing Lender (i) which is not a commercial bank or savings and loan institution or (ii) which would, as of the effective date of such assignment, be entitled to claim compensation under Section 2.11 which the transferor Lender would not be entitled to claim as of such date), pursuant to a Commitment Transfer Supplement in the form of Exhibit B, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender that is not then a Lender or an Affiliate thereof, by the Borrowers and the Administrative Agent), and delivered for its recording in the Register to the Administrative Agent, together with the registration and processing fee required by Section 10.03(e) and an Administrative Questionnaire for the Purchasing Lender if it is not already a Lender. A proportionate interest in the Loans and Commitments of each Tranche must be assigned. Upon such execution, delivery and recording (and, if required, consent of the Borrowers and the Administrative Agent), from and after the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement (which shall be at least five days after the execution and delivery thereof), (x) the Purchasing Lender thereunder shall (if not already a party hereto) be a party hereto and have the rights and obligations of a Lender hereunder with a Commitment as set forth in such Commitment Transfer Supplement, and (y) the transferor Lender thereunder shall, to the extent assigned by such Commitment Transfer Supplement, be released from its obligations under this Agreement (and, in the case of a Commitment Transfer Supplement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Commitment Transfer Supplement shall be deemed to amend this Agreement (including Schedule II hereto) to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender (if not already a party hereto) and the resulting adjustment of Applicable Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement.

(d) The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in The City of New York a copy of each Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time and the names and addresses of the Issuing Banks and the L/C Exposure of, and L/C Disbursements made thereby owing to, each Issuing Bank. The entries in the Register shall be conclusive, in the absence of manifest error, and the parties hereto may treat each Person whose name is recorded in the Register as a Lender or Issuing Bank, as applicable, for all purposes of this Agreement. The Register shall be available for inspection by the parties hereto at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a Commitment Transfer Supplement executed by a transferor Lender and a Purchasing Lender (and, in the case of a Purchasing Lender that is not then a Lender or an Affiliate thereof, by the Borrowers and

the Administrative Agent) together with payment to the Administrative Agent of a registration and processing fee of $3,500, the Administrative Agent shall (i) promptly accept such Commitment Transfer Supplement and (ii) on the Transfer Effective Date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders, the Issuing Banks and the Borrowers.

(f) Subject to Section 10.15, the Borrowers authorize each Lender and Issuing Bank to disclose to any Participant or Purchasing Lender (each, a "Transferee") and any prospective Transferee any and all financial and other information in such Lender's or Issuing Bank's, as applicable, possession concerning the Borrowers and their respective affiliates which has been delivered to such Lender or Issuing Bank, as applicable, by or on behalf of the Borrowers pursuant to this Agreement or which has been delivered to such Lender or Issuing Bank, as applicable, by or on behalf of the Borrowers in connection with such Lender's or Issuing Bank's, as applicable, credit evaluation of the Borrowers and their respective Affiliates prior to becoming a party to this Agreement.

(g) If, pursuant to this Section 10.03, any interest in this Agreement is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall immediately notify the Administrative Agent of such transfer, describing the terms thereof and indicating the identity and country of residence of each Transferee. Such transferor Lender or Transferee shall indemnify and hold harmless the Borrowers and the Administrative Agent from and against any tax, interest, penalty or other expense that the Borrowers and the Administrative Agent may incur as a consequence of any failure to withhold United States taxes applicable because of any transfer or participation arrangement that is not fully disclosed to them as required hereunder.

(h) By executing and delivering a Commitment Transfer Supplement, the transferor Lender thereunder and the Purchasing Lender thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such transferor Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment, and the outstanding balance of its Loans, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Commitment Transfer Supplement; (ii) except as set forth in (i) above, such transferor Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the Guarantee Agreements, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of the Borrowers, the Guarantors or any of their respective Subsidiaries or the performance or observance by the Borrowers, the Guarantors or any of their respective Subsidiaries of any of their respective obligations under this Agreement, the Guarantee Agreements, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such Purchasing Lender represents and warrants that it is legally authorized to enter into such Commitment Transfer Supplement; (iv) such Purchasing Lender confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements, if any, delivered pursuant to Section 5.01, the Guarantee Agreements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Commitment Transfer Supplement; (v) such Purchasing Lender will

independently and without reliance upon the Agents, such transferor Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such Purchasing Lender appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such respective powers under this Agreement and the other Loan Documents as are delegated to the Agents by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such Purchasing Lender agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

SECTION 10.04. Expenses of the Lenders; Indemnity. (a) The Borrowers agree, on a joint and several basis, to pay all reasonable out-of-pocket expenses reasonably incurred by the Agents in connection with the consolidation of the Credits and the preparation, execution, delivery and administration of this Agreement and the other Loan Documents or with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or reasonably incurred by the Agents or any Lender or Issuing Bank in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or with the Loans made hereunder or the Letters of Credit issued hereunder, as applicable (whether through negotiations, legal proceedings or otherwise), including, but not limited to, the reasonable fees and disbursements of Cravath, Swaine & Moore, special counsel for the Agents, and, in connection with such enforcement or protection, the reasonable fees and disbursements of other counsel for any Lender. The Borrowers further agree that they shall indemnify, on a joint and several basis, the Lenders, the Issuing Banks and the Agents from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of or in connection with the performance of this Agreement or any of the other Loan Documents. Further, the Borrowers agree to pay, and to protect, indemnify and save harmless, on a joint and several basis, each Lender, each Issuing Bank, each Agent and each of their respective officers, directors, stockholders, employees, agents and servants from and against, any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs or expenses (including, without limitation, reasonable fees, disbursements and other charges of counsel) in connection with any investigative, administrative or judicial proceeding, whether or not such Lender, Issuing Bank or Agent shall be designated a party thereto of any nature arising from or relating to (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the transactions contemplated hereby and thereby (including the Merger) or (ii) the use of the proceeds of the Loans or the issuance of Letters of Credit; and the Borrowers also agree to pay, and to protect, indemnify and save harmless, on a joint and several basis, each Lender, each Issuing Bank, each Agent and each of their respective officers, directors, stockholders, employees, agents and servants from and against, any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs or expenses (including, without limitation, reasonable fees, disbursements and other charges of counsel in connection with any investigative, administrative or judicial proceeding, whether or not such Lender, Issuing Bank or Agent shall be designated a party thereto) of any nature arising from or relating to any actual or alleged presence or Release or threatened Release of Hazardous Materials on any of the Properties, or any

Environmental Claim related in any way to the Borrowers or their respective Subsidiaries; provided that any such indemnity referred to in this sentence shall not, as to any indemnified Person, be available to the extent that such losses, liabilities, actions, suits, judgments, demands, costs or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such indemnified Person. If any action, suit or proceeding arising from any of the foregoing is brought against any Lender, Issuing Bank, Agent or other Person indemnified or intended to be indemnified pursuant to this Section 10.04, the Borrowers, to the extent and in the manner directed by such indemnified party, shall resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Borrowers (which counsel shall be satisfactory to such Lender, Issuing Bank, Agent or other Person indemnified or intended to be indemnified). If the Borrowers shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty on the part of the Borrowers contained in this Agreement shall be breached, any Lender, Issuing Bank or Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose. Any and all amounts so expended by any Lender, Issuing Bank or Agent shall be repayable to it by the Borrowers immediately upon such Lender's or such Agent's demand therefor.

(b) The provisions of this Section 10.04 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby or thereby, the repayment of any of the Loans or L/C Disbursements, the termination or expiration of the Letters of Credit issued hereunder, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of any Lender, Issuing Bank or any Agent. All amounts due under this Section 10.04 shall be payable on written demand therefor.

SECTION 10.05. Right of Setoff. If an Event of Default shall have occurred and be continuing and the Loans shall have been accelerated or any Lender shall have requested the Administrative Agent to declare the Loans immediately due and payable pursuant to Article VII, then each Lender and Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or Issuing Bank to or for the credit or the account of the Borrowers against any of and all the obligations of the Borrowers now or hereafter existing under this Agreement, irrespective of whether or not such Lender or Issuing Bank shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender and Issuing Bank agrees promptly to notify the Borrowers and the Guarantors after any such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender and Issuing Bank under this Section 10.05 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Lender may have.

SECTION 10.06. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 10.07. Waivers; Amendments. (a) No failure or delay of any Lender, Issuing Bank or Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of

any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lenders, the Issuing Banks and the Agents hereunder and under the other documents and agreements entered into in connection herewith are cumulative and not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement, any other Loan Document or any other such document or agreement or consent to any departure by the Borrowers therefrom shall in any event be effective unless the same shall be authorized as provided in paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; provided, however, that upon the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement, the execution of the IGL Guarantee Agreement and the satisfaction of the conditions precedent set forth in the IGL Credit Agreement, the IGL Guarantee Agreement shall be deemed to amend and restate the FTX Guarantee Agreement in its entirety without the requirement of any waiver or consent pursuant hereto. No notice or demand on the Borrowers in any case shall entitle the Borrowers to any other or further notice or demand in similar or other circumstances.

(b) This Agreement (including any provision hereof) may not be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders (and a copy of any such waiver, amendment or modification shall be promptly delivered by the Administrative Agent to each Guarantor); provided, however, that no such agreement shall (i) change the principal amount of, or extend or advance the maturity of or any date for the payment (other than pursuant to Section 2.07(c), which may be amended by the Required Lenders) of any principal of or interest on, any Loan (including, without limitation, any such payment pursuant to Section 2.07(a) or paragraph (a) or (b) of Section 2.09) or any date for reimbursement of an L/C Disbursement, or waive or excuse any such payment or any part thereof, or change the rate of interest on any Loan or L/C Disbursement, without the written consent of each holder affected thereby and each Guarantor, which consent shall not be unreasonably withheld (it being agreed and understood that it shall be deemed reasonable to withhold such consent if a Guarantor, in its sole discretion exercised in good faith, deems its rights or interests in any property or assets of FMPO or either Borrower will be materially and adversely affected), (ii) change or extend the Commitment of any Lender without the written consent of such Lender, or change any fees to be paid to any Lender, Issuing Bank or Agent hereunder without the written consent of such Lender, Issuing Bank or Agent, as applicable, or (iii) amend or modify the provisions of this Section 10.07, Sections 2.07 through 2.15 or Section 10.04 or the definition of "Required Lenders", without the written consent of each Lender; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of an Agent hereunder without the written consent of such Agent; and provided further that, notwithstanding any of the foregoing, upon the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement, the execution of the IGL Guarantee Agreement and the satisfaction of the conditions precedent set forth in the IGL Guarantee Agreement, the IGL Guarantee Agreement shall be deemed to amend and restate the FTX Guarantee Agreement in its entirety and any of the Events of Default related to IGL, as a Guarantor, set forth in Section 7.01 shall be deemed to be amended or waived in the manner prescribed by Section 7.01.

SECTION 10.08. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.09. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective when copies hereof which, when taken together, bear the signatures of each of the parties hereto shall be delivered or mailed to the Administrative Agent and the Borrowers.

SECTION 10.10. Headings. Article and Section headings and the table of contents included herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.11. Entire Agreement. This Agreement, the other Loan Documents and the exhibits and schedules hereto contain the entire agreement among the parties hereto with respect to the Loans and the related transactions. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 10.12. WAIVER OF JURY TRIAL, ETC. (A) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.12.

(b) Except as prohibited by law, each party hereto hereby waives any right it may have to claim or recover in any litigation referred to in paragraph (a) of this Section 10.12 any special, indirect, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages.

(c) Each party hereto (i) certifies that no representative, agent or attorney of any Lender has represented, expressly or otherwise, that such Lender would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that it has been induced to enter into this Agreement or any other document, as applicable, by, among other things, the mutual waivers and certifications herein.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or L/C Disbursement, together with all fees, charges and other

amounts which are treated as interest on such Loan or L/C Disbursement, as applicable, under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or Issuing Bank, as applicable, shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by such Lender or Issuing Bank, as applicable, in accordance with applicable law, the rate of interest in respect of such Loan or L/C Disbursement, as applicable, hereunder, together with all Charges payable to such Lender or Issuing Bank, as applicable, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or L/C Disbursement, as applicable, but were not payable as a result of the operation of this Section 10.13 shall be cumulated and the interest and Charges payable to such Lender or Issuing Bank, as applicable, in respect of other Loans or L/C Disbursement, as applicable, or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender or Issuing Bank, as applicable.

SECTION 10.14. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (A) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY LENDER OR AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AGAINST ANY BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(B) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(C) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.15. Confidentiality. Each Lender and Issuing Bank agrees (which agreement shall survive the termination of this Agreement) that financial information, information from the Borrowers', FMPO's and their respective Subsidiaries' books and records, information concerning the Borrowers', FMPO's and their respective Subsidiaries' trade secrets and patents and any other information received from the Borrowers and their respective Subsidiaries hereunder shall be treated as confidential by such Lender or Issuing

Bank, as applicable, and each Lender and Issuing Bank agrees to use their respective best efforts to ensure that such information is not published, disclosed or otherwise divulged to anyone other than employees or officers of such Lender or Issuing Bank, as applicable, and its counsel and agents; provided that it is understood that the foregoing shall not apply to:

(i) disclosure made with the prior written authorization of the relevant Borrower or FMPO, as applicable;

(ii) disclosure of information (other than that received from the relevant Borrower, FMPO and their respective Subsidiaries prior to or under this Agreement) already known by, or in the possession of, such Lender or Issuing Bank, as applicable, without restrictions on the disclosure thereof at the time such information is supplied to such Lender or Issuing Bank, as applicable, by the relevant Borrower, FMPO or their respective Subsidiaries hereunder;

(iii) disclosure of information which is required by applicable law or to a governmental agency having supervisory or regulatory authority over any party hereto;

(iv) disclosure of information in connection with any suit, action or proceeding in connection with the enforcement of rights hereunder or under the other Loan Documents or in connection with the transactions contemplated hereby or thereby;

(v) disclosure to any bank (or other financial institution) which may acquire a participation or other interest in the Loans or L/C Disbursements or rights of any Lender or Issuing Bank hereunder; provided that such bank (or other financial institution) agrees to maintain any such information to be received in accordance with the provisions of this Section 10.15;

(vi) disclosure by any party hereto to any other party hereto or their counsel or agents;

(vii) disclosure by any party hereto to any entity, or to any Subsidiary of such an entity, which owns, directly or indirectly, more than 50% of the voting stock of such party, or to any Subsidiary of such an entity; or

(viii) disclosure of information that prior to such disclosure has become public knowledge through no violation of this Agreement.

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

FM PROPERTIES OPERATING CO.,

by FM PROPERTIES INC., as a general partner,

by/s/ Robert R. Boyce

Name: Robert R. Boyce
Title: Treasurer

by FMPO L.L.C., as a general partner,

by FM PROPERTIES INC., as sole

member thereof,

by /s/ Robert R. Boyce

Name: Robert R.Boyce
Title: Treasurer

CIRCLE L LAND CORP.,

by/s/ William H. Armstrong III

Name: William H. Armstrong III
Title: President

FM PROPERTIES INC.,

by/s/ Robert R. Boyce

Name: Robert R. Boyce
Title:President

THE CHASE MANHATTAN BANK,
individually and as
Administrative Agent and
Documentary Agent,

by/s/ James H. Ramage

Name: James H.Ramage
Title: Vice President

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION,

by/s/ Kent Kaiser

Name: Kent Kaiser
Title: Sr. Vice President

SCHEDULE I

APPLICABLE MARGIN FOR LOANS
COMMITMENT FEE PERCENTAGE
L/C PARTICIPATION FEES PERCENTAGE

(a) Prior to the Merger, (i) the Applicable Margin for each Loan, as requested by the applicable Borrower, shall be as follows:

Rate	Applicable Margin

LIBO Rate Loans: 1% per annum

Reference Rate Loans: 0% per annum; and

(ii) the Commitment Fee Percentage shall be a rate per annum equal to 0.375%.

(b) Upon the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor hereunder and under the FTX Guarantee Agreement, (i) the Applicable Margin for LIBO Rate Loans shall be the sum of (A) the spread over the London Interbank Offered Rate (as defined in the IGL Credit Facility) payable (or to be payable) by IGL for applicable loans made thereunder (such applicable spreads to be calculated pursuant to the IGL Credit Facility with reference to the pricing schedule contained in the IGL Credit Facility, which is set forth below in its current form as of the date hereof), (B) 0.125% per annum and (C) the facility fee percentage payable (or to be payable) by IGL under the IGL Credit Facility, (ii) the Applicable Margin for Reference Rate Loans shall be 0% per annum and (iii) the Commitment Fee Percentage shall be the sum of (x) the facility fee percentage payable (or to be payable) by IGL under the IGL Facility and (y) 0.125% per annum.

(c) The L/C Participation Fees Percentage shall be the letter of credit fee payable (or to be payable) by IGL under the IGL Credit Facility in respect of the aggregate amount then available for drawing under all outstanding letters of credit issued thereunder.

(d) The following is a copy of the Pricing Schedule attached to the IGL Credit Facility and in effect as of the date hereof (capitalized terms used below are defined in the IGL Credit Facility).

Pricing Schedule

The "Euro-Dollar Margin" and the "Facility Fee Rate" for any day are the respective percentages set forth below in the applicable row under the column corresponding to the Status that exists on such day; provided that Level II Status shall be deemed to exist on any day prior to the Conversion Date:

	LEVEL I	LEVEL II	LEVEL III	LEVEL IV	LEVEL V
Facility Fee Rate	.07%	.085%	.11%	.15%	.25%
Euro-Dollar Margin	.155%	.19%	.215%	.275%	.425%

For purposes of this Schedule, the following terms have the following meanings, subject to the last paragraph of this Schedule:

"Conversion Date" means the earliest to occur of (i) September 30, 1998, (ii) the date (if any) on which the Debt of the Company and its Consolidated Subsidiaries determined on a consolidated basis ("Consolidated Debt") exceeds 45% of the sum of Consolidated Debt and Consolidated Net Worth and (iii) the date (if any) on which the Company is rated

BBB- or lower by S&P or Baa3 or lower by Moody's.

"Level I Status" exists at any date if, at such date, the Company is rated A- or higher by S&P or A3 or higher by Moody's.

"Level II Status" exists at any date if, at such date, (i) the Company is rated BBB+ or higher by S&P or Baa1 or higher by Moody's and (ii) Level I Status does not exist.

"Level III Status" exists at any date if, at such date, (i) the Company is rated BBB or higher by S&P or Baa2 or higher by Moody's and (ii) neither Level I Status nor Level II Status exists.

"Level IV Status" exists at any date if, at such date, (i) the Company is rated BBB- by S&P or Baa3 by Moody's and (ii) neither Level I Status, Level II Status nor Level III Status exists.

"Level V Status" exists at any date if, at such date, no other Status exists.

"Status" refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists at any date.

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior unsecured long-term debt securities of the Company without third-party credit enhancement, whether or not any such debt securities are actually outstanding, and any rating assigned to any other debt securities are actually outstanding, and any rating assigned to any debt security of the Company shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date. If the Company is split-rated and the ratings differential is one notch, the higher of the two ratings will apply (e.g., A-/Baa1 results in Level I Status and BBB+/Baa2 results in Level II Status). If the Company is split-rated and the ratings differential is more than one notch, the average of the two ratings (or the higher of two intermediate ratings) shall be used (e.g., A-/Baa3 results in Level II Status and BBB+/Baa3 results in Level III Status). If at any date, the Company's long-term debt is rated by neither S&P nor Moody's, then Level V shall apply.

SCHEDULE II

LENDER COMMITMENTS

Lender	New FMPOC Revolving Tranche	New Circle C Revolving Tranche	New Circle C Term Tranche	Applicable Percentage
The Chase Manhattan Bank	$9,372,385.78	$5,677,614.22	$6,450,000	43%
Texas Commerce Bank National Association	12,423,860.22	7,526,139.78	8,550,000	57%

SCHEDULE III

SUBSIDIARIES

Nonrestricted Subsidiaries of FMPO:

Estates of Barton Creek Utilities Inc.

Longhorn Properties Inc.

Barton Creek Realty Inc.

Barton Creek Properties

Austin 290 Properties Inc.

LW Properties Inc.

Texas B.D. Inc.

Longhorn Land Company

Longhorn Development Company

Delaware Business Development Inc.

Nonrestricted Subsidiaries of FMPOC:

FM Florida Properties Co.

Vailwood Properties L.P.

SCHEDULE IV

EXISTING DEBT AND LIENS

None.

SCHEDULE V

EXISTING LETTERS OF CREDIT

FMPOC Letters of Credit

Letter of Credit (No. PG633546) issued by Chase in a principal amount of $339,912.11.

Letter of Credit (No. p-385776) issued by Chase in a principal amount of $610,607.00.

Letter of Credit (No. I-467309) issued by Texas Commerce Bank National Association ("TCB") in a principal amount of $909,609.00

Circle C Letter of Credit

Letter of Credit (No. I-426230) issued by TCB in a principal amount of $85,573.00.

Exhibit 10.1

SECOND AMENDED AND RESTATED AGREEMENT OF GENERAL PARTNERSHIP of FM PROPERTIES OPERATING CO.

December 15, 1997

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SECOND AMENDED AND RESTATED

AGREEMENT OF GENERAL PARTNERSHIP

of

FM PROPERTIES OPERATING CO.

THIS SECOND AMENDED AND RESTATED AGREEMENT OF GENERAL PARTNERSHIP dated as of December 15, 1997 (the "Agreement") is entered into by and between FM Properties Inc., a Delaware corporation ("FMPO"), and FMPO L.L.C., a Delaware limited liability company ("LLC").

W I T N E S S E T H:

WHEREAS, FM Properties Operating Co. (the "Partnership") was formed under the terms of the Agreement of General Partnership dated as of May 20, 1992, as amended, and pursuant to the provisions of the Delaware Uniform Partnership Law; and

WHEREAS, upon the execution hereof LLC will be admitted as a general partner of the Partnership; and

WHEREAS, LLC owns a .01 percent general partnership interest

in the Partnership and FMPO owns a 99.99 percent general partnership interest in the Partnership; and

WHEREAS, the parties hereto desire to continue the Partnership and to amend and restate the original agreement of general partnership, as amended, in its entirety;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

Definitions

1.1 Definitions. The following terms as used herein have the meanings set forth below.

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

"Capital Account" means with respect to any Partner the capital account maintained for such Partner pursuant to Section 3.2.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Indemnified Person" means each Partner, each of its Affiliates, and each of their respective officers, directors, employees, agents, stockholders or Representatives.

"Partner" means LLC and FMPO and their respective successors and permitted assigns.

"Partnership" means the partnership established by this Agreement.

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

"Percentage Interest" means (i) as to LLC, .01 percent and (ii) as to FMPO, 99.99 percent.

"Person" means an individual, a corporation, a partnership, a limited liability company, a trust, or any other entity or organization, including a government or political subdivision or agency or instrumentality thereof.

"Real Estate Interests" means all interests in real property held directly or indirectly by the Partnership at any time.

"Uniform Act" means the Delaware Uniform Partnership Law, 6 Del. Code S 1501 et sec., as amended from time to time.

ARTICLE II

Organizational Matters

2.1 Formation and Continuation. The rights, powers, duties and liabilities of the Partners and the administration and termination of the Partnership shall be governed by this Agreement and the Uniform Act. The business of the Partnership shall be continued without liquidation of Partnership affairs. All assets of the Partnership immediately prior to the date hereof shall hereafter continue to be the property of the Partnership and all liabilities of the Partnership immediately prior to the date hereof shall continue as liabilities of the Partnership hereafter.

2.2 Name. The name of the Partnership shall be "FM Properties Operating Co." or such other name as a Partner may

from time to time designate.

2.3 Purpose. The purpose and business of the Partnership shall be any lawful purpose.

2.4 Principal Place of Business; Agent for Service of Process. (a) The principal place of business of the Partnership shall be 1615 Poydras Street, New Orleans, Louisiana 70112, or such other place as a Partner may from time to time determine. The Partnership may maintain offices at such other place or places as a Partner may deem advisable.

(b) The registered office of the Partnership in the state of Delaware shall be 1209 Orange Street in the City of Wilmington, County of New Castle and its agent for service of process on the Partnership at such registered office shall be The Corporation Trust Company.

2.5 Term. The Partnership shall continue in existence until its termination in accordance with the provisions of Article VII.

2.6 Title to Partnership Property. All property of the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have any direct ownership interest in such property.

2.7 Certificates. A Partner shall file and publish all such certificates, notices, or other documents as may be required for the formation and operation of a partnership in Delaware and any other jurisdiction in which the Partnership may elect to do business.

ARTICLE III

Capital Accounts and Capital Contributions

3.1 Capital Contributions. The Partners have made their initial capital contributions to the Partnership. Unless otherwise provided in this Agreement, the Partners may, but shall not be obligated to, make additional capital contributions in such manner and at such time as may be approved by the Partners.

3.2 Capital Accounts. A separate Capital Account shall be established and maintained in respect of each Partner.

3.3 Interest. No interest shall be paid by the Partnership on capital contributions or on balances in Partners' Capital Accounts.

3.4 No Withdrawal. A Partner shall not be entitled to withdraw any part of its capital contribution or its Capital Account or to receive any distribution from the Partnership, except as provided in Section 4.2 and Article VII.

3.5 Loans from Partners . Loans by a Partner to the Partnership may bear interest and shall not be considered capital contributions.

3.6 Transferred Capital Accounts. In the event that any Partnership Interest or portion thereof is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferee Partner to the extent such Capital Account relates to the transferred Partnership Interest or portion thereof.

ARTICLE IV

Allocations and Distributions

4.1 Allocations. Except as otherwise provided in this Agreement, for purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, each item of income, gain, loss, deduction, and credit shall be

allocated as a part of the net income or net loss for the year to the Partners in accordance with their respective Percentage Interests, and net losses for any taxable year shall be allocated to the Partners in accordance with their respective Partnership Interests.

4.2 Distributions. (a) From time to time, and not less often than quarterly, the Partners shall review the Partnership's accounts to determine whether distributions are appropriate. At any time the Partners may make such distributions as they may determine in their discretion, without being limited to current or accumulated income or gains. Such distributions may be made from Partnership revenues, capital contributions or Partnership borrowings. The Partners may distribute to Partners other Partnership property. All such distributions shall be made concurrently to all Partners and in accordance with the Percentage Interests of the Partners.

(b) The Partners acknowledge and agree that the Partners shall use reasonable efforts, in accordance with prudent business practices, to take such actions as may be necessary, including, without limitation, selling Partnership assets in order to generate sufficient cash flow to enable the Partners to make distributions to the Partners as contemplated by Section 4.2(a).

(c) Any amounts paid pursuant to Section 5.3(b) shall not be deemed to be distributions for purposes of this Agreement.

ARTICLE V

Management of the Partnership

5.1 Authority of the Partners. The Partners shall manage the business of the Partnership and shall have all of the rights, powers and authority which may be possessed by general partners under the Uniform Act.

5.2 Right to Rely on Partners. Any Person dealing with the Partnership may rely upon the signature of either LLC or FMPO as to its authority to make any undertaking on behalf of the Partnership and shall not be required to determine any facts or circumstances bearing upon the existence of such authority.

5.3 Compensation and Reimbursement of Partners. (a) Except as otherwise provided in this Agreement, the Partners shall not be compensated for their services rendered on behalf of the Partnership or otherwise in their capacity as a Partner.

(b) The Partners shall be reimbursed promptly upon request for all costs and expenses incurred by it on behalf of the Partnership and such amounts of general and administrative expenses and other indirect costs as the Partners reasonably determine are allocable to the Partnership.

5.4 Transactions with Affiliates; Conflicts of Interest. (a) In addition to the transactions specifically contemplated by this Agreement, the Partnership may purchase property, obtain services, or borrow funds from, or sell property, provide services or lend money to, or otherwise deal with, the Partners or any of their respective Affiliates. Each Partner acknowledges and agrees that such purchase or sale of property, performance or receipt of services, borrowing or lending of funds, or other dealings, may give rise to conflicts of interest between the Partnership, on the one hand, and a Partner or its Affiliates, on the other hand.

(b) Without limiting the generality of the foregoing, each Partner acknowledges and agrees that:

(i) a Partner or any Affiliate may, but shall not be obligated to, make loans to the Partnership;

(ii) a Partner, acting in its capacity as such, will have the right to cause the Partnership to take such actions, including the sale of assets or the making of

capital expenditures, as are necessary to enable the Partnership to pay when due all amounts of interest on and principal of the obligations described in clause (i) of this Section 5.4(b);

(iii) a Partner will have the right to engage in the real estate development business anywhere in the world; and

(iv) a Partner will have the right to compromise or settle any action or claim in respect of which a Partner may obtain indemnification from the Partnership under this Agreement, or otherwise.

(c) Any transaction between the Partnership or any Affiliate of the Partnership, on the one hand, and a Partner or any Affiliate of a Partner, on the other hand, shall be on an arm's-length basis.

5.5 Other Business Activities. Either Partner may engage in or possess any interest in any other business of any nature independently or with others, including businesses that compete with the Partnership, and neither the Partnership nor the other Partner shall have any right or obligation by virtue of this Agreement in or to such other business or in or to any income or profits derived therefrom.

ARTICLE VI

Books, Records, Accounting and Reports

6.1. Records, Accounting and Reports. The Partners shall keep or cause to be kept books with respect to the Partnership's business, which books shall be kept at the principal office of the Partnership. The books of the Partnership shall be maintained for financial reporting purposes in accordance with generally accepted accounting principles consistently applied. For the term of the Partnership and for a period of five years thereafter (or for such longer period an may be required by law), the Partners shall maintain and preserve all books of account and other relevant documents.

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

ARTICLE VII

Dissolution and Liquidation

7.1 Dissolution. The Partnership shall dissolve and commence winding up and liquidation upon:

(a) the unanimous election to dissolve the Partnership by the Partners;

(b) the sale of all or substantially all of the assets of the Partnership;

(c) with respect to either Partner, (i) the commencement of a voluntary case or other proceeding by a Partner seeking liquidation, reorganization or other relief with respect to such Partner or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of such Partner or any substantial part of its property, or the consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against such Partner, or the making by such Partner of a general assignment for the benefit of creditors, or the failure generally by such Partner to pay its debts as they become due, or the taking of action by such Partner to authorize any of the foregoing or (ii) the commencement of any involuntary case or other proceeding against such Partner seeking

liquidation, reorganization or other relief with respect to such Partner or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of such Partner or any substantial part of its property, which involuntary case or other proceeding shall remain undismissed or unstayed for a period of 60 days, or (iii) the entry of an order for relief against such Partner under the Federal bankruptcy laws as now or hereafter in effect;

(d) dissolution being required by operation of law (other than by judicial decree and other than by the withdrawal of the last Partner where there is no remaining or surviving Partner);

(e) the entry of a decree of judicial dissolution pursuant to Section 1532 of the Uniform Act; or

(f) the withdrawal of the last Partner where there is no remaining or surviving Partner.

Without the unanimous consent of the Partners, each Partner agrees not to voluntarily withdraw as a Partner and if such Partner withdraws in violation of this Agreement, the Partnership may recover damages for breach of this Agreement.

7.2 Winding Up. (a) Upon dissolution of the Partnership the Partnership shall continue solely for purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners, and no Partner shall take any action inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs; provided that all covenants contained in this Agreement and obligations provided for in this Agreement shall continue to be fully binding upon the Partners until such time as the property of the Partnership or proceeds from the sale thereof has been distributed pursuant to this Section 7.2 and the Partnership has been terminated. FMPO shall act as the liquidator of the Partnership. FMPO shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(i) to creditors of the Partnership, other than Partners who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Partnership (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for which reasonable provision for payment has been made;

(ii) pro rata to the Partners in payment of any loans made by them to the Partnership;

(iii) to the Partners, in proportion to and to the extent of the positive balances in their respective Capital Accounts; and

(iv) to the Partners in accordance with their respective Percentage Interests.

(b) FMPO acknowledges and agrees that LLC shall have the right to acquire property of the Partnership pursuant to any dissolution and liquidation of the Partnership.

7.3 Distributions in Kind. Notwithstanding the provisions of Sections 7.1 and 7.2 regarding the method and timing of the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if on dissolution of the Partnership FMPO determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, FMPO may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (other than those to Partners) and may, in its absolute discretion, distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Sections 7.2(a)(iii) and

7.2(a)(iv), undivided interests in such Partnership assets as FMPO deems not suitable for liquidation. Any distributions in kind shall be subject to such conditions relating to the disposition and management thereof as FMPO deems reasonable and equitable and to any joint operating agreements or other agreements governing the operation of such properties at such time. FMPO shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

7.4 Rights of Partners. The Partners shall not be personally liable for the return of the capital contributions, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets. Except as otherwise provided in this Agreement, no Partner shall have the right to demand or receive property other than cash from the Partnership. Each Partner, to the extent permitted by applicable law, hereby waives its rights to partition of the Partnership assets and, to that end agrees that it will not seek or be entitled to partition any such assets whether by way of physical partition, judicial sale or otherwise.

ARTICLE VIII

Miscellaneous

8.1 Survival of Agreements. The agreements contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the termination of this Agreement except as otherwise provided for herein.

8.2 Amendments; No Waivers. (a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the Partners or in the case of a waiver, by the Partner against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate an a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.3 Expenses. Except as otherwise contemplated herein, all costs and expenses incurred in connection with this Agreement shall be paid by the Partner incurring such cost or expense, and this obligation shall survive the termination of this Agreement.

8.4 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Partners and their respective successors and permitted assigns. This Agreement is for the sole benefit of the Partners and nothing herein expressed or implied shall give or be construed to give any Person or entity, other than the Partners, any legal or equitable rights hereunder.

8.5 Headings. Headings are for ease of reference only and shall not form a part of this Agreement.

8.6 GOVERNING LAW; ENTIRE AGREEMENT. (a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTNERS WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ALL PRIOR AGREEMENTS WITH RESPECT THERETO.

(b) Each of the Partners hereby irrevocably appoints The Corporation Trust Company, at its office in Wilmington, Delaware, its lawful agent and attorney to accept and acknowledge service of any and all process against it in any action, suit or proceeding arising in connection with this Agreement and upon whom such process may be served, with the same affect as if such party were a resident of the State of Delaware and had been

lawfully served with such process in such jurisdiction. Further, each Partner hereby irrevocably submits to the nonexclusive jurisdiction of the United States District Court for the District of Delaware or any court of the State of Delaware in any such action, suit or proceeding, and agrees that any such action, suit, or proceeding may be brought in such court (and waives any objection to venue therein), provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 8.6(b) and shall not be deemed to be a general submission to the jurisdiction of said Courts or in the State of Delaware other than for such purpose.

(c) The choice of law and forum provisions of this Section 8.6 have been negotiated in good faith and agreed upon by the parties hereto and are reasonable especially considering that this Agreement is subject to and conforms with the Uniform Act. All Partners, by their execution of this Agreement, expressly agree, to the fullest extent permitted by law, not to challenge the choice of law or forum provisions contained in this Section 8.6.

8.7 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original. This Agreement shall become effective when each Partner shall have received a counterpart hereof signed by each other Partner.

8.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

8.9 Further Assurances. The Partners will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by FMPO and LLC on this ____ day of December, 1997.

Sworn to before me this
15th day of December, 1997.

Notary Public

FMPO L.L.C.

By: FM Properties Inc., as Manager

By: /s/ Dean T. Falgoust

Name: Dean T. Falgoust
Title: Vice President

Sworn to before me this
15th day of December, 1997.

Notary Public

FM Properties Inc.

By: /s/ Dean T. Falgoust

Name: Dean T. Falgoust
Title: Vice President

Exhibit 10.2

AMENDED AND RESTATED SERVICES AGREEMENT

THIS AMENDED AND RESTATED SERVICES AGREEMENT (this "Agreement"), dated as of December 23, 1997 by and between FM Services Company, a Delaware corporation ("FMS"), and FM Properties Inc., a Delaware corporation ("FMPO").

WHEREAS, FMS and FMPO entered into a Services Agreement dated as of January 1, 1996 (the "Original Agreement") for the provision of certain services by FMS for FMPO; and

WHEREAS, FMS and FMPO desire to amend and restate the Original Agreement and for FMS to continue to furnish FMPO and its affiliates, as that term is defined in Rule 405 under the Securities Act of 1933 (collectively, the "FMPO Group"), with Services, as defined below, to support and complement the services provided by its officers, employees and other available resources.

NOW THEREFORE, in consideration of the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Services. During the term of this Agreement FMS shall furnish the following services (collectively, the "Services") to the FMPO Group: (a) accounting, treasury and financial, (b) tax, (c) insurance and risk management (including the purchase and maintenance on behalf of FMPO of such insurance as FMPO deems necessary or appropriate), (d) human resources (including employee benefit services), (e) management information and system support, (f) governmental relations, (g) community relations, (h) investor relations, (i) facilities management and security, (j) business development, (k) executive support, (l) aviation, (m) contract administration and (n) such other services as may mutually be agreed upon by the parties hereto. Services shall be provided directly by FMS or, in the discretion of FMS, by affiliated or non-affiliated third parties.

Section 2. Administration of Services. FMS shall keep the appropriate officers and employees of FMPO and other members of the FMPO Group fully informed and shall cooperate with such officers and employees with respect to the performance of Services by FMS. Each member of the FMPO Group shall have complete and full access to all data, records, files, statements, invoices, billings and other information generated by or in the custody of FMS relating to Services provided to such entity.

Section 3. Compensation.

(a) As compensation for the performance of the Services, FMPO shall reimburse, or cause another member of the FMPO Group to reimburse, FMS for:

(i) All expenses of the Services incurred by FMS that are readily identifiable to the FMPO Group, including personnel related costs (which shall be based upon department head allocations), facilities related costs (based upon personnel cost allocations) and aviation costs ("Direct Charges");

(ii) All costs of goods, services or other items

purchased from third parties by FMS for the FMPO Group, to the extent such costs are paid by FMS ("Third Party Charges"); and

(iii) The portion of all other expenses incurred by FMS in connection with providing the Services to the FMPO Group and similar services to Freeport-McMoRan Copper & Gold Inc. ("FCX"), Freeport-McMoRan Sulphur Inc. ("FSC") and McMoRan Oil & Gas Co. ("MOXY") and their respective affiliates as directed from time to time by the joint written instructions of FMPO, FCX, FSC and MOXY pursuant to the Stockholder Agreement of even date herewith among FMPO, FCX, FSC and MOXY ("Allocated Charges").

(b) FMS shall invoice FMPO by the last day of each month for all Direct Charges, Third Party Charges and Allocated Charges incurred for the immediately preceding month. All invoices shall provide FMPO with an account of all such charges and an accounting for all Advances, as defined below, during such month. All amounts shown on each invoice shall be due and payable within five (5) days of the date of the invoice. In the event of a dispute as to the propriety of any invoiced amount, FMPO shall pay, or cause the payment of, all undisputed amounts on each invoice, but shall be entitled to withhold payment of any amount in dispute and shall promptly notify FMS of the basis of the dispute.

(c) FMPO shall advance, or cause the advancement of, funds to FMS for Direct Charges, Third Party Charges and Allocated Charges from time to time during the term of this Agreement (which may be as often as daily) as requested by FMS, such funds to serve as an advance of the amounts to be invoiced hereunder (the "Advances").

Section 4. Use of FMS Facilities. FMS shall provide the FMPO Group with a non-exclusive right to utilize its properties and facilities, subject to such limitations, if any, as may be imposed by leases and other agreements and instruments governing the use of such properties and facilities.

Section 5. Terms of Agreement; Termination. (a) This Agreement shall commence as of the date first above written and shall continue in effect until (i) the parties mutually agree in writing to terminate this Agreement, (ii) 90 days after receipt by FMS of written notice from FMPO of its request to terminate this Agreement, or (iii) a Change in Control. A "Change in Control" shall be deemed to have occurred if any Person or group (within the meaning of Rule 13d-5 of the SEC as in effect on the date hereof) shall own directly or indirectly, beneficially or of record, shares representing 50% or more of the aggregate ordinary voting power represented by the issued and outstanding capital stock of FMPO.

(b) Upon termination of this Agreement, FMPO shall be liable for (i) Direct Charges, Third Party Charges and Allocated Charges incurred in accordance with Section 3 prior to termination, (ii) its proportionate share of all costs incurred by FMS or which FMS is obligated to incur in connection with providing the Services after termination, because of the anticipated long-term nature of this Agreement or otherwise, and (iii) all costs of such termination, whether direct or indirect and including costs incurred by FMS in connection with the termination by FMS of obligations entered into in connection with the Services.

Section 6. Limitation of Liability.

(a) FMS makes no representation or warranty whatsoever, express or implied, with respect to the Services. In no event shall FMS be liable to FMPO for (i) any loss, cost or expense resulting from any act or omission taken at the express direction of any member of the FMPO Group or (ii) any special, indirect or consequential damages resulting from any error or omission in the performance of the Services or from the breach of this Agreement.

(b) Neither FMS nor FMPO shall be liable for any loss or damage or any nonperformance, partial or whole, under this Agreement, caused by any strike, labor troubles, riot act of a public enemy, insurrection, act of God, or any law, rule or regulation promulgated by any governmental body or agency, or any demand or requisition of any governmental body or agency, or any other cause beyond the control of the parties hereto.

Section 7. Confidentiality. FMS will hold and will use its best efforts to cause its officers, directors, employees and other agents (collectively, its "Agents") to hold, in confidence, all confidential documents and information concerning the FMPO Group furnished to such party in connection with this Agreement, except to the extent that such information can be shown to have been (a) previously known by such party on a nonconfidential basis, (b) in the public domain through no fault of such party or (c) later lawfully acquired by such party on a nonconfidential basis from a source other than the FMPO Group; provided that FMS may disclose such information in connection with this Agreement to its Agents so long as such persons are informed by FMS of the confidential nature of such information and are directed by FMS to keep such information confidential and not to use it for any purpose other than its intended use. Notwithstanding the foregoing, FMS or its Agents may disclose such information if (i) compelled to disclose by judicial or administrative process or by other requirements of law or (ii) necessary to establish such party's position in any litigation or any arbitration or other proceeding based upon or in connection with the subject matter of this Agreement. Prior to any disclosure pursuant to the preceding sentence, FMS or its Agent(s) shall give reasonable prior notice to FMPO of such intended disclosure, and if requested by FMPO, FMS shall use all reasonable efforts to obtain a protective order or similar protection for such information and shall otherwise disclose only such information as is legally required. If all or any part of the Services are terminated, FMS will, and will use its best efforts to cause its Agents to, destroy or deliver to FMPO, upon request, all documents and other materials, and all copies thereof, containing confidential information obtained from the FMPO Group in connection with the Services so terminated.

Section 8. Technology. FMS hereby grants to FMPO a royalty free, non-exclusive right and license to use (but not to sublicense outside of the FMPO Group) any and all technology, whether or not patented, developed by or on behalf of FMS, relating to the business of FMPO; provided that the license hereby granted shall not extend to (i) any technology developed for a person not affiliated with FMS, pursuant to an arrangement granting such person exclusive rights to such technology, or (ii) any technology developed after the termination of this Agreement.

Section 9. Dispute Resolution. FMPO and FMS shall use all reasonable efforts to amicably resolve all disputes arising under this Agreement. If despite such efforts any matter cannot be amicably resolved the matter shall be referred to the Presidents of FMPO and FMS who shall promptly meet for the purpose of resolving such dispute. If despite such efforts and meetings the matter remains unresolved, then any affected party may refer the matter to arbitration for final resolution in accordance with the commercial rules of the American Arbitration Association. Any matter submitted to arbitration shall be decided by a single arbitrator selected by mutual agreement of the parties (or if the parties cannot agree then such arbitrator shall be selected by the appropriate official or designee of the American Arbitration Association). Any such arbitration proceeding shall be held in New Orleans, Louisiana. Each party shall bear its own costs and expenses, and the arbitrator's fees and expenses and the costs and expenses of the proceeding itself shall be borne by the parties in such proportions as the arbitrator shall decide. The decision of the arbitrator shall be final and non-appealable, and may be enforced in any court of competent jurisdiction.

Section 10. Miscellaneous.

(a) The parties hereto are independent contractors. Nothing in this Agreement is intended or shall be deemed to constitute a partnership, agency, franchise or joint venture relationship between the parties. Neither party shall incur any debts or make any commitments upon the other, except to the extent specifically provided herein.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters set forth in this Agreement. This Agreement shall not be amended, modified or supplemented except by an instrument in writing executed by each of the parties hereto.

(c) All notices and other communications hereunder shall be in writing and shall be given by hand delivery, certified or registered mail, return receipt requested or telecopy transmission with confirmation of receipt to the address of each of the parties set forth opposite the signature of such party on the signature page hereof. All notices and communications shall be deemed given upon receipt thereof.

(d) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Louisiana without the application of any conflicts of laws principles.

(e) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement shall not be assignable by any party hereto without the prior written consent of the other party.

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

Address for Notices:

1615 Poydras Street
New Orleans, LA 70112
Attention: General Counsel

FM SERVICES COMPANY

By: /s/ Michael J. Arnold
Michael J. Arnold
President

Address for Notices:

1615 Poydras Street
New Orleans, LA 70112
Attention: General Counsel

FM PROPERTIES INC.

By: /s/ Richard C. Adkerson
Richard C. Adkerson
Chairman of the Board and
Chief Executive Officer

Exhibit 10.6

EXECUTION COPY

FMPO GUARANTEE AGREEMENT dated as of December 15, 1997 (this "Guarantee"), by FM Properties Inc., a Delaware corporation ("FMPO"), for the benefit of the lender party to the Consolidated Credit Agreement (as defined below) from time to time (the "Lenders").

WHEREAS, Freeport-McMoRan Inc., a Delaware corporation ("FTX"), intends to consummate a merger, whereby FTX shall be merged with and into IMC Global Inc., a Delaware corporation ("IGL"), by the end of 1997 (the "Merger"), and as a condition thereof FTX has, with th consent of the Lenders, transferred to FMPO, and FMPO has assumed, FTX's interest as managing general partner of FM Properties Operating Co., a Delaware general partnership ("FMPOC").

WHEREAS, in connection therewith, (i) FMPOC, as the borrower under the Amended and Restated Credit Agreement dated as of December 20, 1996, among FMPOC, FTX, the banks party thereto and The Chase Manhattan Bank ("Chase")(the "FMPOC Revolving Facility"), and as the borrower under the Second Amended and Restated Note Agreement, as amended, dated as of June 30, 1995, among FMPOC, FTX, Hibernia National Bank and Chase (the "FMPOC Term Loan Facility") and (ii) Circle C Land Corp., a Texas corporation ("Circle C"), as the borrower under the Amended and Restated Credit Agreement dated as of December 20, 1996, between Circle C and Texas Commerce Bank National Association (the "Circle Loan Facility", and together with the FMPOC Revolving Facility and the FMPOC Term Loan Facility, the "Existing Credits"), desire to amend and restate the terms and provisions of the Existing Credits and consolidate such terms and provisions into the Amended, Restated an Consolidated Credit Agreement dated as of the date hereof, among FMPOC, Circle C, FMPO, the financial institutions listed on the signature pages thereof and Chase, as administrative agent and documentary agent thereunder (as amended or modified and in effect from time to time, the "Consolidated Credit Agreement").

WHEREAS, it is the intent of the parties to the Consolidated Credit Agreement that the Consolidated Credit Agreement (i) shall evidence the Borrower's Debt under the Existing Credits, (ii) has been entered into as an amendment, restatement and consolidation of the obligations of the Borrowers under the Existing Credits and (iii) is in no way intended to constitute a novation of any of the Borrower's Debt which was evidenced by any of the Existing Credits.

WHEREAS, it is a condition to the execution of the Consolidated Credit Agreement that FMPO execute this Guarantee.

NOW THEREFORE, in consideration of the premises and of the mutual covenants herein contained, FMPO hereby agrees as follows:

ARTICLE I

GUARANTEE

SECTION 1.01. Definitions. (a) The following

terms, as used herein, have the following meanings:

"Borrowers" means FMPOC and Circle C.

"Consolidated Credit Agreement" has the meaning assigned to such term in the preamble to this Guarantee.

Coverage Period" has the meaning assigned to such term in Section 1.04.

"FTX Credit Agreement" means the Credit Agreement dated as of November 14, 1996, among FTX, Freeport-McMoRan Resource Partners, Limited Partnership, a Delaware limited partnership, the banks party thereto and Chase, as administrative agent, collateral agent and documentary agent. The FTX Credit Agreement shall automatically mean such agreement in the form modified or amended from time to time, without the necessity of any further action or approval pursuant to this Guarantee.

"Loan" means each Loan made under the Consolidated Credit Agreement.

"Obligations" means the payment of principal an interest on the Loans, the reimbursement in full of any amounts drawn under a Letter of Credit, and the posting of cash collateral in respect of Letters of Credit, and the payment of all Fees, expenses and other amounts (including, without limitation, indemnities) payable under the Loan Documents.

(b) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Consolidated Credit Agreement.

(c) Unless otherwise stated, Section and Article references made herein are to Sections and Articles, as the case may be, of this Guarantee. Except as otherwise expressly provided herein, any reference in this Guarantee to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time.

SECTION 1.02. The Guarantee. FMPO hereby unconditionally and irrevocably guarantees as a primary obligor and not merely as a surety the due and punctual payment and performance when and as due (whether at stated maturity, by notice of prepayment, upon acceleration or otherwise) of the Obligations. FMPO agrees that it shall pay on demand any of the Obligations for which it is liable pursuant to this Guarantee which has remained unpaid by the relevant Borrower for five Business Days after such amount is due or demanded from the relevant Borrower; provided that if an event referred to in Section 7.01(h) or (i) of the Consolidated Credit Agreement has occurred with respect to a Borrower, such amounts shall be payable on demand by FMPO without the necessity of any demand on such Borrower. The obligations of FMPO under this Guarantee shall be a guarantee of payment and not of collection. Upon payment by FMPO of any sums to a Lender or an Agent as provided above in this Guarantee, FMPO shall be subrogated to the rights of such Lender or Agent, as applicable, against such Borrower with respect to such payment; provided, that all rights of FMPO against a Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respect be subordinated and junior in right of payment to the prior payment in full of all the Obligations to the Lenders and the Agents and shall not be exercised by FMPO prior to payment in full of all Obligations and termination of the Commitments. If any amount shall be paid to FMPO on account of any amount paid by FMPO pursuant to this Guarantee or otherwise at any time when all the Obligations shall not be paid in full, such amount shall be held in trust by FMPO for the benefit of Agents and the Lenders and shall forthwith be paid to the Administrative Agent to be credited and applied

to the Obligations, whether matured or unmatured. At such time as all Obligations owing to each Lender have been paid in full and its Commitment terminated, each Lender shall, in a reasonable manner, assign (subject to the continued effectiveness and the reinstatement provided for above) the amount of the Obligations owed to it and paid by FMPO pursuant to this Guarantee to FMPO, such assignment to be pro tanto to the extent to which the Obligations in question were discharged by FMPO, or make such other disposition thereof as FMPO shall reasonably direct (all without any representation or warranty by, or any recourse to, such Lender).

SECTION 1.03. Guarantee Unconditional. The obligations of FMPO hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any rescission, extension, renewal, settlement, compromise, waiver or release in respect of any obligation of either Borrower under the Consolidated Credit Agreement, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to the Consolidated Credit Agreement;

(iii) any guarantee or any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of either Borrower under the Consolidated Credit Agreement;

(iv) any change in the corporate existence, structure or ownership of either Borrower, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting either Borrower or their respective assets, or any resulting release or discharge of any obligation of either Borrower contained in the Consolidated Credit Agreement;

(v) the existence of any claim, set-off or other rights that FMPO may have at any time against either Borrower, any Agent, any Lender or any other corporation or person, whether in connection herewith or any unrelated transactions; provided that, subject to any subordination agreements relating to any such claims, nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against either Borrower for any reason of the Consolidated Credit Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by either Borrower of the Obligations or any other amount payable by either Borrower under the Consolidated Credit Agreement;

(vii) any other act or omission to act or delay of any kind by either Borrower, any beneficiary of this Guarantee, or any other corporation or person, or any other circumstance whatsoever, that might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to FMPO's obligations hereunder or to the Obligations;

(viii) any failure of any beneficiary of this Guarantee to assert any claim or demand or to enforce any right or remedy against either Borrower under the provisions of the Consolidated Credit Agreement, any other security document, any intercreditor document or any other loan document; or

(ix) any failure of any beneficiary of this

Guarantee to exercise any right or remedy against any other guarantor (including any subsidiary) of the Obligations.

SECTION 1.04. Discharge only upon Payment in Full; Reinstatement in Certain Circumstances. FMPO' obligations hereunder shall remain in full force and effect until the earlier of the date on which (x) the commitments under the Consolidated Credit Agreement shall have terminated and the Obligations shall have been indefeasibly paid in full or (y) indefeasible payment has been made hereunder. If at any time any Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of either Borrower or otherwise, FMPO's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at the time initially paid.

SECTION 1.05. Waiver by FMPO. Except to the extent set forth in Section 1.02, FMPO irrevocably waives acceptance hereof, presentment, demand, protest, notice of intent to accelerate, notice of acceleration and any notice not provided for herein or in the Consolidated Credit Agreement, as well as any requirement that at any time any action be taken by any beneficiary of this Guarantee, corporation or person against either Borrower, any other guarantor or any other entity or person.

SECTION 1.06. Stay of Acceleration. If acceleration of the time for payment of any Obligation or any other amount payable by either Borrower under the Consolidated Credit Agreement is stayed upon the insolvency, or reorganization of either Borrower, all such amounts otherwise subject to acceleration under the terms of the Consolidated Credit Agreement shall nonetheless be payable by FMPO hereunder as if no such stay was in effect.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2.01. Representations and Warranties. As of the Effective Date and each other date upon which such representations and warranties are required to be made or deemed made pursuant to Section 6.01(i) of the Consolidated Credit Agreement, and for so long as this Guarantee shall remain in effect, FMPO shall be deemed to have made to each Lender, Issuing Bank and Agent each of the representations and warranties of FMPO, as a Restricted Entity, contained in Section 3.01 of the Consolidated Credit Agreement, as may be in effect from time to time, which representations and warranties, along with the definitions of the terms utilized therein and any related provisions, as the same may be amended, restated or otherwise modified from time to time, are hereby incorporated by reference herein and shall apply with the same force and effect as though set forth herein in their entirety.

ARTICLE III

COVENANTS

SECTION 3.01. Affirmative Covenants of FMPO. From and after the Effective Date and so long as this Guarantee shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders otherwise provide prior written consent, FMPO shall at all times be in full compliance with the covenants and agreements of FMPO, as a

Restricted Entity, contained in Section 5.01 of the Consolidated Credit Agreement, as may be in effect from time to time, which covenants and agreements, as the same may be amended, restated or otherwise modified from time to time, are hereby incorporated by reference herein and shall apply with the same force and effect as though set forth herein in their entirety.

SECTION 3.02. Negative Covenants of FMPO. From and after the Effective Date and so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document have been paid in full, and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, without the prior written consent of the Required Lenders, FMPO shall not at any time fail to be in full compliance with the covenants and agreements of FMPO, as a Restricted Entity, contained in Section 5.02 of the Consolidated Credit Agreement, as may be in effect from time to time, which covenants and agreements, as the same may be amended, restated or otherwise modified from time to time, are hereby incorporated by reference herein and shall apply with the same force and effect as though set forth herein in their entirety.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Successors and Assigns. Subject to Section 1.04, this Guarantee shall be binding upon and inure to the benefit of the Borrowers, the Lenders, the Issuing Banks, the Agents and their respective successors and assigns, except that FMPO may not assign, delegate or transfer any of its rights or obligations hereunder or any interest herein (and any such attempted assignment, delegation or transfer shall be void).

SECTION 4.02. Waivers; Amendments. (a) No failure or delay of any Lender, Issuing Bank or Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lenders, the Issuing Banks and the Agents hereunder and under the other documents and agreements entered into in connection herewith are cumulative and not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Guarantee or consent to any departure by FMPO therefrom shall in any event be effective unless the same shall be authorized as provided in paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on FMPO in any case shall entitle FMPO to any other or further notice or demand in similar or other circumstances.

(b) This Agreement (including any provision hereof) may not be waived, amended or modified except pursuant to an agreement or agreements in writing entered into between FMPO and the Administrative Agent, with the prior written consent of the Required Lenders.

SECTION 4.03. Survival of Guarantee. All covenants, agreements, representations and warranties made by FMPO herein and in the certificates or other instruments prepared or delivered in connection with this Guarantee or any other Loan Document shall be considered to have been relied upon by the Lenders, the Issuing Banks and the Agents

and shall survive the making by the Lenders of the Loans or the issuing of Letters of Credit by the Issuing Banks regardless of any investigation made by the Lenders or Issuing Banks, as applicable, or by their respective representatives or agents, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan, L/C Disbursement, Fee or other fee or amount payable under the Loan Documents is outstanding an unpaid and so long as the Commitments or any outstanding Letters of Credit issued under the Consolidated Credit Agreement have not been terminated or have not expired.

SECTION 4.04. Governing Law; Submission to Jurisdiction. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York. FMPO hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Guarantee. FMPO irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.um.

SECTION 4.05. Waiver of Jury Trial. FMPO hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Guarantee.

SECTION 4.06. Notices. All notices, requests any other communications shall be in writing (including facsimile transmission or similar writing) and shall be mailed or sent by the sending party to: (i) in the case of FMPO, at its address set forth in Section 10.01 of the Consolidated Credit Agreement or as otherwise notified to the beneficiaries of this Guarantee or (ii) in the case of any other party, at its address set forth in the Loan Document

IN WITNESS WHEREOF, FMPO has caused this Guarantee to be duly executed by its officer thereunto duly authorized, as of the day and year first above written.

FM PROPERTIES INC.,

by /s/ Robert R. Boyce

Name:Robert R. Boyce
Title: Treasurer

Exhibit 10.7

EXECUTION COPY

AMENDED AND RESTATED IGL GUARANTEE AGREEMENT dated as of December 22, 1997, by IMC Global Inc., a Delaware corporation ("IGL"), for the benefit of the lenders party to the Consolidated Credit Agreement (as defined below) from time to time (the "Lenders"), amending and restating the

Amended, Restated and Consolidated FTX Guarantee Agreement dated as of December 15, 1997, by Freeport-McMoRan Inc., a Delaware corporation ("FTX") (the "FTX Guarantee Agreement"), which amended, restated and consolidated (i) the Amended and Restated FTX Guarantee Agreement dated as of December 20, 1996, by FTX (the "FMPOC Guarantee Agreement"), and (ii) the Amended and Restated Guaranty Agreement dated as of December 20, 1996, by FTX (the "Circle C Guarantee Agreement", and,

together with the FMPOC Guarantee Agreement, the "Existing Guarantees"); the Existing Guarantees, as amended, restated and consolidated by the FTX Guarantee Agreement and as further amended and restated by this Agreement, being this "Guarantee").

WHEREAS, IGL has consummated a merger, whereby FTX was merged with and into IGL on December 22, 1997 (the "Merger"), and, pursuant to the Merger, IGL has succeeded to all the rights and obligations of FTX under the FTX Guarantee Agreement.

WHEREAS, the Existing Guarantees guaranteed the obligations of (i) FM Properties Operating Co., a Delaware general partnership ("FMPOC"), as the borrower under the Amended and Restated Credit Agreement dated as of December 20, 1996, among FMPOC, FTX, the banks party thereto and The Chase Manhattan Bank ("Chase")(the "FMPOC Revolving Facility"), and as the borrower under the Second Amended and Restated Note Agreement, as amended, dated as of June 30, 1995, among FMPOC, FTX, Hibernia National Bank and Chase (the "FMPOC Term Loan Facility"), and (ii) Circle C Land Corp., a Texas corporation ("Circle C"), as the borrower under the Amended and Restated Credit Agreement dated as of December 20, 1996, between Circle C and Texas Commerce Bank National Association (the "Circle C Loan Facility", and together with the FMPOC Revolving Facility and the FMPOC Term Loan Facility, the "Existing Credits").

WHEREAS, the Existing Credits have been amended and restated and the terms and provisions thereof have been consolidated into the Amended, Restated and Consolidated Credit Agreement dated as of December 15, 1997, among FMPOC, Circle C, FM Properties Inc., a Delaware corporation, the financial institutions listed on the signature pages thereof and Chase, as administrative agent and documentary agent thereunder (as amended or modified and in effect from time to time, the "Consolidated Credit Agreement").

WHEREAS, it is the intent of the parties to the Consolidated Credit Agreement that the Consolidated Credit Agreement (i) shall evidence the Borrower's Debt (as defined in the Consolidated Credit Agreement) under the Existing Credits, (ii) has been entered into as an amendment, restatement and consolidation of the obligations of any of the Borrowers under the Existing Credits and (iii) is in no

way intended to constitute a novation of any of the Borrowers' Debt which was evidenced by any of the Existing Credits.

WHEREAS, in connection with the consummation of the Merger and the assumption by IGL, as successor by merger to FTX, of all FTX's rights and obligations as a Guarantor under the FTX Guarantee Agreement and the Consolidated Credit Agreement, IGL wishes to enter into this Guarantee in furtherance of the foregoing which Guarantee shall amend, restate and evidence the FTX Guarantee Agreement and, upon the satisfaction of the conditions precedent set forth in Section 4.01, the FTX Guarantee Agreement, in its form immediately prior to the effectiveness of this Guarantee, shall be of no further force and effect.

NOW THEREFORE, in consideration of the premises and of the mutual covenants herein contained, IGL agrees as follows:

ARTICLE I

GUARANTEE

SECTION 1.01. Definitions. (a) The following terms, as used herein, have the following meanings:

"Borrowers" means FMPOC and Circle C.

"Chase" has the meaning specified in the preamble to this Guarantee.

"Consolidated Credit Agreement" has the meaning assigned to such term in the preamble to this Guarantee.

"Coverage Period" has the meaning assigned to such term in Section 1.04.

"Financial Covenants" shall mean any covenants or agreements requiring the maintenance, achievement or satisfaction of specified financial condition, financial performance or financial ratios, including, without limitation, covenants relating to net worth or similar measures, interest or fixed charge coverage tests, leverage tests, working capital tests and earnings or cash flow tests.

"FTX Guarantee Agreement" has the meaning set forth in the preamble to this Guarantee.

"IGL Credit Agreement" means that certain Five-Year Credit Agreement dated as of December 15, 1997, among IGL, the financial institutions from time to time parties thereto, Morgan Guaranty Trust Company of New York, as administrative agent, Royal Bank of Canada, as documentation agent, and Chase and NationsBank, N.A., as co-syndication agents, as the same may be amended, modified, renewed or extended from time to time and including any bank credit facility which refinances or replaces the IGL Credit Agreement then in effect and which serves as IGL's primary bank credit facility.

"Loan" means each Loan made under the Consolidated Credit Agreement at any time when no Default or Event of Default shall have occurred and be continuing.

"Obligations" means the payment of principal and interest on the Loans, the reimbursement in full of any amounts drawn under a Letter of Credit, and the posting of

cash collateral in respect of Letters of Credit, and the payment of all Fees, expenses and other amounts (including, without limitation, indemnities) payable under the Loan Documents; provided, however, that the amount of indemnities of the Borrowers in respect of any environmental obligations (excluding fees and expenses related thereto) covered by this Guarantee shall not exceed an amount in excess of $5,000,000.

(b) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Consolidated Credit Agreement.

(c) Unless otherwise stated, Section and Article references made herein are to Sections and Articles, as the case may be, of this Guarantee. Except as otherwise expressly provided herein, any reference in this Guarantee to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time.

SECTION 1.02. The Guarantee. (a) Subject to the provisions of Section 1.04, IGL herby unconditionally and irrevocably guarantees as a primary obligor and not merely as a surety the due and punctual payment when and as due (whether at stated maturity, by notice of prepayment, upon acceleration or otherwise) of the Obligations. IGL agrees that it shall pay on demand any of the Obligations for which it is liable pursuant to this Guarantee which has remained unpaid by the relevant Borrower for five Business Days after such amount is due or demanded from the relevant Borrower; provided that if an event referred to in Section 7.01(h) or

(i) of the Consolidated Credit Agreement has occurred with respect to a Borrower, such amounts shall be payable on demand by IGL; provided further, that if an event referred to in Section 7.01(h) or (i) of the Consolidated Credit Agreement has occurred with respect to a Borrower, IGL shall have the right to pay all such amounts to the Administrative Agent without the necessity of any such demand. The obligations of IGL under this Guarantee shall be a guarantee of payment and not of collection. Upon payment by IGL of any sums to a Lender or an Agent as provided above in this Guarantee, IGL shall be subrogated to the rights of such Lender or Agent, as applicable, against such Borrower with respect to such payment; provided that all rights of IGL against a Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior payment in full of all the Obligations to the Lenders and the Agents and shall not be exercised by IGL prior to payment in full of all Obligations and termination of the Commitments. If any amount (other than any fees payable to IGL in respect of its guarantee hereunder) shall be paid to IGL on account of any amount paid by IGL pursuant to this Guarantee or otherwise at any time when all the Obligations shall not be paid in full and a Default or Event of Default shall have occurred and be continuing, such amount shall be held in trust by IGL for the benefit of the Agents and the Lenders and shall forthwith be paid to the Administrative Agent to be credited and applied to the Obligations, whether matured or unmatured. At such time as all Obligations owing to each Lender have been paid in full and its Commitment terminated, each Lender shall, in a reasonable manner, assign (subject to the continued effectiveness and the reinstatement provided for above) the amount of the Obligations owed to it and paid by IGL pursuant to this Guarantee to IGL, such assignment to be pro tanto to the extent to which the Obligations in question were discharged by IGL, or make such other disposition thereof as IGL shall reasonably direct (all without any representation or warranty by, or any recourse to, such Lender).

SECTION 1.03. Guarantee Unconditional. Subject to the provisions of Section 1.04 and the Consolidated

Credit Agreement, the obligations of IGL hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any rescission, extension, renewal, settlement, compromise, waiver or release in respect of any obligation of either Borrower under the Consolidated Credit Agreement, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to the Consolidated Credit Agreement; provided that any such modification, amendment or supplement which increases the obligations of IGL hereunder shall not be effective as to IGL without its consent.

(iii) any guarantee or any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of either Borrower under the Consolidated Credit Agreement;

(iv) any change in the corporate existence, structure or ownership of either Borrower, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting either Borrower or their respective assets, or any resulting release or discharge of any obligation of either Borrower contained in the Consolidated Credit Agreement;

(v) the existence of any claim, set-off or other rights that IGL may have at any time against either Borrower, any Agent, any Lender or any other corporation or person, whether in connection herewith or any unrelated transactions (including, without limitation, any default in the payment by either Borrower, or any other person of any fees payable to IGL in respect of its guarantee hereunder); provided that, subject to any subordination agreements relating to any such claims, nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against either Borrower for any reason of the Consolidated Credit Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by either Borrower of the Obligations or any other amount payable by either Borrower under the Consolidated Credit Agreement;

(vii) any other act or omission to act or delay of any kind by either Borrower, any beneficiary of this Guarantee, or any other corporation or person, or any other circumstance whatsoever, that might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to IGL's obligations hereunder or to the Obligations;

(viii) any failure of any beneficiary of this Guarantee to assert any claim or demand or to enforce any right or remedy against either Borrower under the provisions of the Consolidated Credit Agreement, any other security document, any intercreditor document or any other loan document; or

(ix) any failure of any beneficiary of this Guarantee to exercise any right or remedy against any other guarantor (including any subsidiary) of the Obligations.

SECTION 1.04. Reduction of Principal Amounts Covered by Guarantee. Pursuant to Section 2.07(c) of the Consolidated Credit Agreement, the aggregate of the Commitments under the Tranches shall be automatically and

permanently reduced, ratably among the Lenders in accordance with the amounts of their respective Commitments under the Tranches as set forth therein. Subject to the provisions of Section 1.05, the aggregate principal amount of the Loans, and reimbursement obligations (including cash collateralization obligations) in respect of Letters of Credit (collectively, "Principal Obligations"), covered by the guarantee obligations of IGL hereunder and in respect of which demands for payment may be made under this Guarantee shall, during each of the periods set forth below (each, a "Coverage Period"), be limited to the maximum aggregate amounts set forth below opposite such Coverage Period:

Coverage Period	Aggregate Principal Amount
Through February 14, 1999	$50,000,000
From February 15, 1999 through February 14, 2000	$35,000,00
From February 15, 2000 through January, 31 2001	$15,000,00
After January 31, 2001	$0

Notwithstanding the foregoing, this Guarantee (i) shall remain in full force and effect at all times after a Coverage Period in an amount equal to the amount set forth opposite such Coverage Period above with respect to accrued and unpaid Principal Obligations in respect of which demand for payment under this Guarantee was duly made on IGL during such Coverage Period; provided that the aggregate liability of IGL under this Guarantee in respect of payment of Principal Obligations shall not in any event exceed $50,000,000 and (ii) shall cover the full amount of any interest accrued and unpaid on Principal Obligations in respect of which a demand for payment is or could (assuming such amount were due and unpaid) be made on IGL under this Guarantee on or before January 31, 2001 (except as provided in Section 1.05). In addition, notwithstanding the foregoing, all Obligations of the Borrowers for payment of amounts other than principal of and interest on the Loans (including, without limitation, in respect of indemnities, reimbursement of costs, yield protection, redeployment costs, tax gross-ups and reasonable expenses) shall be covered by IGL's guarantee hereunder without limitation, except to the extent any such payment obligation is attributable solely to a Principal Obligation, or interest on a Principal Obligation which, pursuant to the foregoing provisions, is not at the time covered by IGL's guarantee hereunder. During any Coverage Period, claims may be made on IGL hereunder in respect of any and all Principal Obligations not paid when due up to the full aggregate amount of Principal Obligations set forth opposite such Coverage Period in the table above, notwithstanding that (i) the aggregate amount of Principal Obligations under the Consolidated Credit Agreement may exceed the amount set forth in such table or (ii) only a portion of the Principal Obligations are at the time due and unpaid; provided, however, that the aggregate liability of IGL under this Guarantee in respect of Principal Obligations shall not in any event exceed $50,000,000.

SECTION 1.05. Discharge only upon Payment in Full. Subject to the provisions of Section 1.04, IGL's obligations hereunder shall remain in full force and

effect until the earliest of the date on which (x) the commitments under the Consolidated Credit Agreement shall have terminated and the Obligations (other than contingent indemnification obligations) shall have been paid in full, (y) payment has been made hereunder or (z) Chase or its Affiliates shall reduce their respective Commitments and/or sell participations in outstanding Loans such that their aggregate Commitments then outstanding under the Consolidated Credit Agreement as of such date shall be less than 25% of the total Commitments then outstanding as of such date. If at any time any Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of either Borrower or otherwise, IGL's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at the time initially paid and if a demand for payment under this Guarantee could have been made in respect of such Obligation on such initial payment date or on any date thereafter in accordance with the provisions of Section 1.04 (assuming nonpayment of such Obligation when due on such initial payment date) then demand for payment may be made hereunder in respect of such Obligation notwithstanding the provisions of Section 1.04.

SECTION 1.06. Waiver by IGL. Except to the extent set forth in Section 1.02 and as provided in the Consolidated Credit Agreement, IGL irrevocably waives acceptance hereof, presentment, demand, protest, notice of intent to accelerate, notice of acceleration and any notice not provided for herein or in the Consolidated Credit Agreement, as well as any requirement that at any time any action be taken by any beneficiary of this Guarantee, corporation or person against either Borrower, any other guarantor or any other entity or person.

SECTION 1.07. Stay of Acceleration. If acceleration of the time for payment of any Obligation or any other amount payable by either Borrower under the Consolidated Credit Agreement is stayed upon the insolvency, bankruptcy or reorganization of either Borrower, all such amounts otherwise subject to acceleration under the terms of the Consolidated Credit Agreement shall nonetheless be payable by IGL hereunder as if no such stay was in effect.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2.01. Representations and Warranties. (a) As of the date hereof and each other date upon which such representations and warranties are required to be made or deemed made pursuant to Section 6.01(i) of the Consolidated Credit Agreement, and for so long as this Guarantee shall remain in effect, IGL shall be deemed to have made to each Lender, Issuing Bank and Agent each of the representations and warranties of IGL contained in Article IV of the IGL Credit Agreement, as may be in effect from time to time, which representations and warranties, along with the definitions of the terms utilized therein and any related provisions, as the same may be amended, restated, waived or otherwise modified from time to time, are hereby incorporated by reference herein and shall apply with the same force and effect as though set forth herein in their entirety; provided, however, for purposes of IGL making the representations and warranties required of it under this Section 2.01, any references to the "Agreement" in the representations and warranties contained in Article IV of the IGL Credit Agreement shall be deemed to be references to this Guarantee.

ARTICLE III

COVENANTS

SECTION 3.01. Financial Covenants of IGL. (a) IGL covenants and agrees that from and after the date hereof and so long as this Guarantee shall remain in effect with respect to it and until all of the Obligations for which it is liable hereunder have been paid or terminated, unless the Required Lenders otherwise provide prior written consent, it will at all times comply with each of the Financial Covenants in the IGL Credit Agreement, as in effect from time to time (after giving effect to any period of grace applicable to any such Financial Covenant and specified in the IGL Credit Agreement), which Financial Covenants, along with the definitions of the terms utilized therein and any related provisions, are hereby incorporated by reference herein and shall apply with the same force and effect as though set forth herein in their entirety.

(b) The financial covenants in effect pursuant to paragraph (b) above shall be deemed to be automatically amended, restated, waived or otherwise modified, as applicable, as of the date that the equivalent Financial Covenant in the IGL Credit Agreement shall effectively be amended, restated, waived or otherwise modified, as applicable, pursuant to the terms thereof.

SECTION 3.02. Delivery Requirements. (a) IGL shall promptly deliver a copy of any amendment, restatement, waiver or modification of the IGL Credit Agreement to the Administrative Agent (provided that the failure to deliver such amendment, restatement, waiver or modification shall in no way affect any automatic modification of an equivalent financial covenant hereunder pursuant to Section 3.01(b)). Whenever and on each occasion that the IGL Credit Agreement is replaced by or refinanced with a successor IGL Credit Agreement, IGL shall forthwith deliver a complete and accurate copy of such successor IGL Credit Agreement to the Administrative Agent (provided that the failure to deliver such agreement shall in no way affect any automatic modification of an equivalent financial covenant hereunder pursuant to Section 3.01(b)).

(b) IGL shall promptly deliver to the Administrative Agent, at the time they become available, (1) copies of all financial statements, reports and proxy statements which it shall have sent to its stockholders generally and (2) copies of all regular and periodic reports, if any, which IGL shall file with the SEC or any national securities exchange.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Conditions to Effectiveness. (a) It shall be a condition precedent to the effectiveness of this Guarantee that:

(i) the Administrative Agent shall have received a certificate from IGL dated the date hereof and signed by a Financial Officer of IGL, confirming that (i) the representations and warranties on the part of IGL contained in this Guarantee shall be true and correct in all material respects at and as of the date hereof and (ii) no Event of Default in respect of IGL shall have occurred and be continuing on the date hereof or would result after giving effect to this Guarantee;

(ii) the Administrative Agent shall have received on behalf of itself and the

Lenders, a favorable written opinion (addressed to Administrative Agent and the Lenders and dated the Effective Date) of New York counsel in a form satisfactory to the Administrative Agent and its counsel;

(iii) all legal matters incident to this Guarantee shall be satisfactory to the Lenders, the Issuing Banks and to Cravath, Swaine & Moore, special counsel for the Agents;

(iv) the Administrative Agent shall have received (w) a copy of the Certificate of Incorporation, including all amendments thereto, of IGL, certified as of a recent date by the Secretary of State of the state of Delaware, and a certificate from such Secretary of State as to the good standing of IGL as of a recent date and the filing of all franchise tax returns and the payment of all franchise taxes required by law to be filed and paid by IGL to the date of such certificate; (x) a certificate of the Secretary or Assistant Secretary of IGL dated the date hereof and certifying (A) that attached thereto is a true and complete copy of the By-laws of IGL as in effect on the date hereof and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of IGL authorizing the execution, delivery and performance of this Guarantee, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the Certificate of Incorporation and By-laws of IGL attached thereto have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (w) above or the date of the certificate furnished pursuant to clause (x) above, as applicable, and (D) as to the incumbency and specimen signature of each officer executing this Guarantee or any other document delivered in connection herewith on behalf of IGL; and (y) a certificate of another officer of IGL as to the incumbency and specimen signature of the applicable Secretary or Assistant Secretary executing the certificate pursuant to clause (x) above.

(b) Upon the satisfaction of the conditions precedent set forth in Section 4.01(a) and the execution of this Guarantee by a duly authorized officer of IGL, this Guarantee shall amend and restate the FTX Guarantee Agreement in its entirety and the FTX Guarantee Agreement, in its form immediately prior to the effectiveness of this Guarantee, shall be of no further force and effect.

SECTION 4.02. Successors and Assigns. Subject to Section 1.05, this Guarantee shall be binding upon and inure to the benefit of the Borrowers, the Lenders, the Issuing Banks, IGL, the Agents and their respective successors and assigns, except that IGL may not assign, delegate or transfer any of its rights or obligations hereunder or any interest herein (and any such attempted

assignment, delegation or transfer shall be void).

SECTION 4.03. Waivers; Amendments. (a) No failure or delay of any Lender, Issuing Bank or Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lenders, the Issuing Banks and the Agents hereunder and under the other documents and agreements entered into in connection herewith are cumulative and not exclusive of any rights or remedies which they would otherwise have. Except as provided in the Consolidated Credit Agreement, no waiver of any provision of this Guarantee or consent to any departure by IGL therefrom shall in any event be effective unless the same shall be authorized as provided in paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Except as provided in the Consolidated Credit Agreement, no notice or demand on IGL in any case shall entitle IGL to any other or further notice or demand in similar or other circumstances.

(b) This Agreement (including any provision hereof) may not be waived, amended or modified except pursuant to an agreement or agreements in writing entered into between IGL and the Administrative Agent, with the prior written consent of the Required Lenders.

SECTION 4.04. Survival of Guarantee. All covenants, agreements, representations and warranties made by IGL herein shall be considered to have been relied upon by the Lenders, the Issuing Banks and the Agents and shall survive the making by the Lenders of the Loans, or the issuing of Letters of Credit by the Issuing Banks regardless of any investigation made by the Lenders or Issuing Banks, as applicable, or on their respective representatives or agents, and, subject to the provisions of Section 1.04, shall continue in full force and effect only as long as the principal of or any accrued interest on any Loan, L/C Disbursement, Fee or other fee or amount payable (other than contingent indemnification obligations) under the Loan Documents is outstanding and unpaid and only so long as the Commitments have not been terminated or have not expired and, in no event (other than as provided in Section 1.05), later than January 31, 2001.

SECTION 4.05. Governing Law; Submission to Jurisdiction. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York. IGL hereby submits to the nonexclusive jurisdiccttion of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Guarantee. IGL irrevocably waives, to the fullest extent permitted by law, any objection that either such party may not or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 4.06. Waiver of Jury Trial. IGL hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Guarantee.

SECTION 4.07. Notices. All notices, requests and other communications shall be in writing (including facsimile transmission or similar writing) and shall be mailed or sent by the sending party to: (i) in the case of IGL, at its address set forth in Section 10.01 of the Consolidated Credit Agreement or as otherwise notified

to the beneficiaries of this Guarantee or (ii) in the case of any other party, at its address set forth in the Loan Documents.

IN WITNESS WHEREOF, IGL has caused this Guarantee to be duly executed by its officer thereunto duly authorized, as of the day and year first above written.

IMC GLOBAL INC.,

by /s/ Lynn F. White

Name: Lynn F. White
Title: Senior Vice President and Acting Chief Financial Officer

Name:
Title:

Exhibit 10.9

FM PROPERTIES INC.
STOCK OPTION PLAN

SECTION 1

Purpose. The purposes of the FM Properties Inc. Stock Option Plan (the "Plan") are to promote the interests of FM Properties Inc. and its stockholders by (i) attracting and retaining officers and executive and other key employees or managers of the business of FM Properties Inc. and its subsidiaries; (ii) motivating such individuals by means of performance-related incentives to achieve longer-range performance goals; and (iii) enabling such individuals to participate in the long-term growth and financial success of FM Properties Inc. and its subsidiaries.

SECTION 2

Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

"Award" shall mean any Option, Stock Appreciation Right, Limited Right or Other Stock-Based Award.

"Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

"Board" shall mean the Board of Directors of FM Properties Inc.

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

"Committee" shall mean a committee of the Board designated by the Board to administer the Plan and composed of not fewer than two directors, each of whom, to the extent necessary to comply with Rule 16b-3 only, is a "non-employee director" within the meaning of Rule 16b-3 and, to the extent necessary to comply with Section 162(m) only, is an "outside director" under Section 162(m). Until otherwise determined by the Board, the Committee shall be the Corporate Personnel Committee of the Board.

"Company" shall mean FM Properties Inc.

"Designated Beneficiary" shall mean the beneficiary designated by the Participant, in a manner determined by the Committee, to receive the benefits due the Participant under the Plan in the event of the Participant's death. In the absence of an effective designation by the Participant, Designated Beneficiary shall mean the Participant's estate.

"Eligible Individual" shall mean (i) any person providing services as an officer or an executive or key manager of the Company or a Subsidiary, whether or not employed by such entity, (ii) any employee of the Company or a Subsidiary, including any director who is also an employee of the Company or a Subsidiary, and (iii) any person who has agreed in writing to become a person described in clauses (i) or (ii) within not more than 30 days following the date of grant of such person's first Award under the Plan.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"FTX" shall mean Freeport-McMoRan Inc.

"Incentive Stock Option" shall mean an option granted under Section 6 of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

"Limited Right" shall mean any right granted under Section 8 of the Plan.

"Nonqualified Stock Option" shall mean an option granted under Section 6 of the Plan that is not intended to be an Incentive Stock Option.

"Offer" shall mean any tender offer, exchange offer or series of purchases or other acquisitions, or any combination of those transactions, as a result of which any person, or any two or more persons acting as a group, and all affiliates of such person or persons, shall own beneficially more than 40% of the Shares outstanding (exclusive of Shares held in the Company's treasury or by the Company's Subsidiaries).

"Offer Price" shall mean the highest price per Share paid in any Offer that is in effect at any time during the period beginning on the ninetieth day prior to the date on which a Limited Right is exercised and ending on and including the date of exercise of such Limited Right. Any securities or property that comprise all or a portion of the consideration paid for Shares in the Offer shall be valued in determining the Offer Price at the higher of (i) the valuation placed on such securities or property by the person or persons making such Offer, or (ii) the valuation, if any, placed on such securities or property by the Committee or the Board.

"Option" shall mean an Incentive Stock Option or a Nonqualified Stock Option.

"Other Stock-Based Award" shall mean any right or award granted under Section 9 of the Plan.

"Participant" shall mean any Eligible Individual granted an Award under the Plan.

"Partnership" shall mean FM Properties Operating Co.

"Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

"Rule 16b-3" shall mean Rule 16b-3 promulgated by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

"SAR" shall mean any Stock Appreciation Right.

"SEC" shall mean the Securities and Exchange Commission, including the staff thereof, or any successor thereto.

"Section 162(m)" shall mean Section 162(m) of the Code and all regulations promulgated thereunder as in effect from time to time.

"Shares" shall mean the shares of common stock, par value $.01 per share, of the Company, and such other securities of the Company or a Subsidiary as the Committee may from time to time designate.

"Stock Appreciation Right" shall mean any right granted under Section 7 of the Plan.

"Subsidiary" shall mean the Partnership and any corporation or other entity in which the Company possesses

directly or indirectly equity interests representing at least 50% of the total ordinary voting power or at least 50% of the total value of all classes of equity interests of such corporation or other entity.

SECTION 3

Administration. The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to an Eligible Individual; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, whole Shares, other whole securities, other Awards, other property or other cash amounts payable by the Company upon the exercise of that or other Awards, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable by the Company with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including the Company, any Subsidiary, any Participant, any holder or beneficiary of any Award, any stockholder of the Company and any Eligible Individual.

SECTION 4

Eligibility. Any Eligible Individual who is not a member of the Committee shall be eligible to be granted an Award.

SECTION 5

(a) Shares Available for Awards. Subject to adjustment as provided in Section 5(b):

(i) Calculation of Number of Shares Available. The number of Shares with respect to which Awards may be granted under the Plan shall be 850,000. If, after the effective date of the Plan, an Award granted under the Plan expires or is exercised, forfeited, canceled or terminated without the delivery of Shares, then the Shares covered by such Award or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares with respect to which Awards may be granted, to the extent of any such expiration, exercise, forfeiture, cancellation or termination without the delivery of Shares, shall again be, or shall become, Shares with respect to which Awards may be granted. Notwithstanding the foregoing and subject to adjustment as provided in Section 5(b), the aggregate number of Shares in respect of which Awards may be granted under the Plan to any Eligible Individual shall not exceed 250,000 in any year.

(ii) Substitute Awards. Any Shares delivered by the

Company, any Shares with respect to which Awards are made by the Company, or any Shares with respect to which the Company becomes obligated to make Awards, through the assumption of, or in substitution for, outstanding awards previously granted by an acquired company or a company with which the Company combines, shall not be counted against the Shares available for Awards under the Plan.

(iii) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist of authorized and unissued Shares or of treasury Shares, including Shares held by the Company or a Subsidiary and acquired in the open market or otherwise obtained by the Company or a Subsidiary.

(b) Adjustments. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, Partnership interests, Subsidiary securities, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee may, in its sole discretion and in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) with respect to which Awards may be granted, (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, and (iii) the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award or, if deemed appropriate, adjust outstanding Awards to provide the rights contemplated by Section 9(b) hereof; provided, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422(b)(1) of the Code or any successor provision thereto; and provided further, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

SECTION 6

(a) Stock Options. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Eligible Individuals to whom Options shall be granted, the number of Shares to be covered by each Option, the option price therefor and the conditions and limitations applicable to the exercise of the Option. The Committee shall have the authority to grant Incentive Stock Options, Nonqualified Stock Options or both. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be required by Section 422 of the Code, as from time to time amended, and any implementing regulations. Except in the case of an Option granted in assumption of or substitution for an outstanding award of a company acquired by the Company or with which the Company combines, the exercise price of any Option granted under this Plan shall not be less than 100% of the fair market value of the underlying Shares on the date of grant.

(b) Exercise. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter, provided, however, that in no event may any Option granted hereunder be exercisable after the expiration of 10 years after the date of such grant. The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any condition relating to the application of Federal or state securities laws, as it may deem necessary or advisable.

(c) Payment. No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the option price therefor is received by the Company. Such payment may be made in cash, or its equivalent, or, if and to the extent permitted by the Committee, by applying cash amounts payable by the Company upon the exercise of such Option or other Awards by the holder thereof or by exchanging whole Shares owned by such holder (which are not the subject of any pledge or other security interest), or by a combination of the foregoing, provided that the combined value of all cash, cash equivalents, cash amounts so payable by the Company upon exercises of Awards and the fair market value of any such whole Shares so tendered to the Company, valued (in accordance with procedures established by the Committee) as of the effective date of such exercise, is at least equal to such option price.

SECTION 7

(a) Stock Appreciation Rights. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Eligible Individuals to whom Stock Appreciation Rights shall be granted, the number of Shares to be covered by each Stock Appreciation Right, the grant price thereof and the conditions and limitations applicable to the exercise thereof. Stock Appreciation Rights may be granted in tandem with another Award, in addition to another Award, or freestanding and unrelated to any other Award. Stock Appreciation Rights granted in tandem with or in addition to an Option or other Award may be granted either at the same time as the Option or other Award or at a later time. Stock Appreciation Rights shall not be exercisable after the expiration of 10 years after the date of grant. Except in the case of a Stock Appreciation Right granted in assumption of or substitution for an outstanding award of a company acquired by the Company or with which the Company combines, the grant price of any Stock Appreciation Right granted under this Plan shall not be less than 100% of the fair market value of the Shares covered by such Stock Appreciation Right on the date of grant or, in the case of a Stock Appreciation Right granted in tandem with a then outstanding Option or other Award, on the date of grant of such related Option or Award.

(b) A Stock Appreciation Right shall entitle the holder thereof to receive an amount equal to the excess, if any, of the fair market value of a Share on the date of exercise of the Stock Appreciation Right over the grant price. Any Stock Appreciation Right shall be settled in cash, unless the Committee shall determine at the time of grant of a Stock Appreciation Right that it shall or may be settled in cash, Shares or a combination of cash and Shares.

SECTION 8

(a) Limited Rights. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Eligible Individuals to whom Limited Rights shall be granted, the number of Shares to be covered by each Limited Right, the grant price thereof and the conditions and limitations applicable to the exercise thereof. Limited Rights may be granted in tandem with another Award, in addition to another Award, or freestanding and unrelated to any Award. Limited Rights granted in tandem with or in addition to an Award may be granted either at the same time as the Award or at a later time. Limited Rights shall not be exercisable after the expiration of 10 years after the date of grant and shall only be exercisable during a period determined at the time of grant by the Committee beginning not earlier than one day and ending not more than ninety days after the expiration date of an Offer. Except in the case of a Limited Right granted in assumption of or substitution for an outstanding award of a company acquired by the Company or with which the Company combines, the grant price of any Limited Right granted under this Plan shall not be less than 100% of the fair market value of the Shares covered by such Limited Right on

the date of grant or, in the case of a Limited Right granted in tandem with a then outstanding Option or other Award, on the date of grant of such related Option or Award.

(b) A Limited Right shall entitle the holder thereof to receive an amount equal to the excess, if any, of the Offer Price on the date of exercise of the Limited Right over the grant price. Any Limited Right shall be settled in cash, unless the Committee shall determine at the time of grant of a Limited Right that it shall or may be settled in cash, Shares or a combination of cash and Shares.

SECTION 9

(a) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Individuals an "Other Stock-Based Award", which shall consist of an Award, the value of which is based in whole or in part on the value of Shares, that is not an instrument or Award specified in Sections 6 through 8 of this Plan. Other Stock-Based Awards may be awards of Shares or may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible or exchangeable into or exercisable for Shares), as deemed by the Committee consistent with the purposes of the Plan. The Committee shall determine the terms and conditions of any such Other Stock-Based Award. Except in the case of an Other Stock-Based Award granted in assumption of or in substitution for an outstanding award of a company acquired by the Company or with which the Company combines, the price at which securities may be purchased pursuant to any Other Stock-Based Award granted under this Plan, or the provision, if any, of any such Award that is analogous to the purchase or exercise price, shall not be less than 100% of the fair market value of the securities to which such Award relates on the date of grant.

(b) Dividend Equivalents. In the sole and complete discretion of the Committee, an Award, whether made as an Other Stock-Based Award under this Section 9 or as an Award granted pursuant to Sections 6 through 8 hereof, may provide the holder thereof with dividends or dividend equivalents, payable in cash, Shares, Partnership interests, Subsidiary securities, other securities or other property on a current or deferred basis.

SECTION 10

(a) Amendments to the Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time, provided that no amendment shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement. Notwithstanding anything to the contrary contained herein, the Committee may amend the Plan in such manner as may be necessary for the Plan to conform with local rules and regulations in any jurisdiction outside the United States.

(b) Amendments to Awards. The Committee may amend, modify or terminate any outstanding Award with the holder's consent at any time prior to payment or exercise in any manner not inconsistent with the terms of the Plan, including without limitation, (i) to change the date or dates as of which an Award becomes exercisable, or (ii) to cancel an Award and grant a new Award in substitution therefor under such different terms and conditions as it determines in its sole and complete discretion to be appropriate.

(c) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 5(b) hereof) affecting the Company, or the financial statements of the Company or any Subsidiary, or of changes in applicable laws, regulations, or accounting

principles, whenever the Committee determines that such adjustments are appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) Cancellation. Any provision of this Plan or any Award Agreement to the contrary notwithstanding, the Committee may cause any Award granted hereunder to be canceled in consideration of a cash payment or alternative Award made to the holder of such canceled Award equal in value to such canceled Award. The determinations of value under this subparagraph shall be made by the Committee in its sole discretion.

SECTION 11

(a) Delegation. Subject to the terms of the Plan and applicable law, the Committee may delegate to one or more officers of the Company the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend, or terminate Awards held by, Eligible Individuals who are not officers or directors of the Company for purposes of Section 16 of the Exchange Act, or any successor section thereto, or who are otherwise not subject to such Section.

(b) Award Agreements. Each Award hereunder shall be evidenced by a writing delivered to the Participant that shall specify the terms and conditions thereof and any rules applicable thereto, including but not limited to the effect on such Award of the death, retirement or other termination of employment of the Participant and the effect thereon, if any, of a change in control of the Company or any Subsidiary.

(c) Withholding. A Participant may be required to pay to the Company, and the Company shall have the right to deduct from all amounts paid to a Participant (whether under the Plan or otherwise), any taxes required by law to be paid or withheld in respect of Awards hereunder to such Participant. The Committee may provide for additional cash payments to holders of Awards to defray or offset any tax arising from the grant, vesting, exercise or payment of any Award.

(d) Transferability. No Awards granted hereunder may be transferred, pledged, assigned or otherwise encumbered by a Participant except: (i) by will; (ii) by the laws of descent and distribution; (iii) pursuant to a domestic relations order, as defined in the Code, if permitted by the Committee and so provided in the Award Agreement or an amendment thereto; or (iv) if permitted by the Committee and so provided in the Award Agreement or an amendment thereto, Options and Limited Rights granted in tandem therewith may be transferred or assigned (a) to Immediate Family Members, (b) to a partnership in which Immediate Family Members, or entities in which Immediate Family Members are the owners, members or beneficiaries, as appropriate, are the partners, (c) to a limited liability company in which Immediate Family Members, or entities in which Immediate Family Members are the owners, members or beneficiaries, as appropriate, are the members, or (d) to a trust for the benefit of Immediate Family Members; provided, however, that no more than a de minimus beneficial interest in a partnership, limited liability company or trust described in (b), (c) or (d) above may be owned by a person who is not an Immediate Family Member or by an entity that is not beneficially owned solely by Immediate Family Members. "Immediate Family Members" shall be defined as the spouse and natural or adopted children or grandchildren of the Participant and their spouses. To the extent that an Incentive Stock Option is permitted to be transferred during the lifetime of the Participant, it shall be treated thereafter as a Nonqualified Stock Option. Any attempted assignment, transfer, pledge, hypothecation or other disposition of Awards, or levy of attachment or similar process upon Awards not specifically permitted herein, shall be null and void and without effect. The

designation of a Designated Beneficiary shall not be a violation of this Section 11(d).

(e) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares or other securities are then listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, stock appreciation rights and other types of Awards provided for hereunder (subject to stockholder approval of any such arrangement if approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be engaged or employed by or retained in the employ of FTX, the Company or any Subsidiary. FTX, the Company or any Subsidiary may at any time dismiss a Participant from engagement or employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or any agreement relating to the engagement or employment of the Participant by FTX, the Company or any Subsidiary. No Eligible Individual, Participant or other person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Eligible Individuals, Participants or holders or beneficiaries of Awards.

(h) Governing Law. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware.

(i) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(j) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(l) Headings. Headings are given to the subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 12

Effective Date of the Plan. The Plan shall be effective as of the date of its approval by the Board, provided the Plan is approved by the stockholders of the Company at the first annual meeting of stockholders of the Company occurring subsequent to such date.

SECTION 13

Term of the Plan. No Award shall be granted under the Plan after the tenth anniversary of the effective date of the Plan; however, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, extend beyond such date.

Exhibit 10.10

FM PROPERTIES INC.
1996 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

ARTICLE I

PURPOSE OF THE PLAN

The purpose of the 1996 Stock Option Plan for Non-Employee Directors (the "Plan") is to align more closely the interests of the non-employee directors of FM Properties Inc. (the "Company") with that of the Company's stockholders by providing for the automatic grant to such directors of stock options ("Options") to purchase Shares (as hereinafter defined), in accordance with the terms of the Plan.

ARTICLE II

DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated:

Board: The Board of Directors of the Company.

Change in Control : A Change in Control shall be deemed to have occurred if either (a) any person, or any two or more persons acting as a group, and all affiliates of such person or persons, shall own beneficially more than 20% of the Common Stock outstanding (exclusive of shares held in the Company's treasury or by the Company's Subsidiaries) pursuant to a tender offer, exchange offer or series of purchases or other acquisitions, or any combination of those transactions, or (b) there shall be a change in the composition of the Board at any time within two years after any tender offer, exchange offer, merger, consolidation, sale of assets or contested election, or any combination of those transactions (a "Transaction"), so that (i) the persons who were directors of the Company immediately before the first such Transaction cease to constitute a majority of the Board of Directors of the corporation that shall thereafter be in control of the companies that were parties to or otherwise involved in such Transaction, or (ii) the number of persons who shall thereafter be directors of such corporation shall be fewer than two-thirds of the number of directors of the Company immediately prior to such first Transaction. A Change in Control shall be deemed to take place upon the first to occur of the events specified in the foregoing clauses (a) and (b).

Code: The Internal Revenue Code of 1986, as amended from time to time.

Committee: A committee of the Board designated by the Board to administer the Plan and composed of not fewer than two directors, each of whom, to the extent necessary to comply with Rule 16b-3 only, is a "non-employee director" within the meaning of Rule 16b-3 and, to the extent necessary to comply with Section 162(m) only, is an "outside director" under Section 162(m). Until otherwise determined by the Board, the Committee shall be the Corporate Personnel Committee of the Board.

Election Period : The period beginning on the third business day following a date on which the Company releases for publication its quarterly or annual summary statements of sales and earnings, and ending on the twelfth business day following such date.

Eligible Director : A director of the Company who is not an officer or an employee of the Company or a Subsidiary or an officer or an employee of an entity with which the Company has contracted to receive management services.

Exchange Act : The Securities Exchange Act of 1934, as amended from time to time.

Fair Market Value: The average of the per Share high and low quoted sale prices on the date in question (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred) on the principal exchange or market on which such Shares are quoted.

Option Cancellation Gain: With respect to the cancellation of an Option pursuant to Section 3 of Article IV hereof, the excess of the Fair Market Value as of the Option Cancellation Date (as that term is defined in Section 3 of Article IV hereof) of all the outstanding Shares covered by such Option, whether or not then exercisable, over the purchase price of such Shares under such Option.

Rule 16b-3: Rule 16b-3 promulgated by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

SEC: The Securities and Exchange Commission, including the staff thereof, or any successor thereto.

Section 162(m): Section 162(m) of the Code and all regulations promulgated thereunder as in effect from time to time.

Shares: Shares of common stock, par value $0.01 per share, of the Company (including any attached Preferred Stock Purchase Rights).

Subsidiary: Any corporation of which stock representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Company; and any other entity of which equity securities or interests representing at least 50% of the ordinary voting power or 50% of the total value of all classes of equity securities or interests of such entity are owned, directly or indirectly, by the Company.

ARTICLE III

ADMINISTRATION OF THE PLAN

This Plan shall be administered by the Board. The Board will interpret this Plan and may from time to time adopt such rules and regulations for carrying out the terms and provisions of this Plan as it may deem best; however, the Board shall have no discretion with respect to the selection of directors who receive Options, the timing of the grant of Options, the number of Shares subject to any Options or the purchase price thereof. Notwithstanding the foregoing, the Committee shall have the authority to make all determinations with respect to the transferability of Options in accordance with Article VIII hereof. All determinations by the Board or the Committee shall be made by the affirmative vote of a majority of its respective members, but any determination reduced to writing and signed by a majority of its respective members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Company's By-Laws or of this Plan, all determinations by the Board and the Committee pursuant to the provisions of this Plan, and all related orders or resolutions of the Board and the Committee, shall be final, conclusive and binding on all persons, including the Company and its stockholders, employees, directors and optionees. In the event of any conflict or inconsistency between determinations, orders, resolutions, or other actions of the

Committee and the Board taken in connection with this Plan, the action of the Board shall control.

ARTICLE IV

STOCK SUBJECT TO THE PLAN

SECTION 1. The Shares to be issued or delivered upon exercise of Options shall be made available, at the discretion of the Board, either from the authorized but unissued Shares of the Company or from Shares reacquired by the Company, including Shares purchased by the Company in the open market or otherwise obtained; provided, however, that the Company, at the discretion of the Board, may, upon exercise of Options granted under this Plan, cause a Subsidiary to deliver Shares held by such Subsidiary.

SECTION 2. Subject to the provisions of Section 3 of this Article IV, the aggregate number of Shares that may be purchased pursuant to Options shall not exceed 250,000.

SECTION 3. In the event of the payment of any dividends payable in Shares, or in the event of any subdivision or combination of the Shares, the number of Shares that may be purchased under this Plan, and the number of Shares subject to each Option granted in accordance with Section 2 of Article VII, shall be increased or decreased proportionately, as the case may be, and the number of Shares deliverable upon the exercise thereafter of any Option theretofore granted (whether or not then exercisable) shall be increased or decreased proportionately, as the case may be, without change in the aggregate purchase price. In the event the Company is merged or consolidated into or with another corporation in a transaction in which the Company is not the survivor, or in the event that substantially all of the Company's assets are sold to another entity not affiliated with the Company, any holder of an Option, whether or not then exercisable, shall be entitled to receive (unless the Company shall take such alternative action as may be necessary to preserve the economic benefit of the Option for the optionee) on the effective date of any such transaction (the "Option Cancellation Date"), in cancellation of such Option, an amount in cash equal to the Option Cancellation Gain relating thereto, determined as of the Option Cancellation Date.

ARTICLE V

PURCHASE PRICE OF OPTIONED SHARES

The purchase price per Share under each Option shall be 100% of the Fair Market Value of a Share at the time such Option is granted, but in no case shall such price be less than the par value of the Shares subject to such Option.

ARTICLE VI

ELIGIBILITY OF RECIPIENTS

Options will be granted only to individuals who are Eligible Directors at the time of such grant.

ARTICLE VII

GRANT OF OPTIONS

SECTION 1. Each Option shall constitute a nonqualified stock option that is not intended to qualify under Section 422 of the Code.

SECTION 2. On September 1, 1996, each Eligible Director as of such date shall be granted an Option to purchase 20,000 Shares, and, on September 1 of each subsequent year, each

Eligible Director as of each such date shall be granted an Option to purchase 5,000 Shares. Each Option shall become exercisable in four equal annual installments on each of the first four anniversaries of the date of grant and may be exercised by the holder thereof with respect to all or any part of the Shares comprising each installment as such holder may elect at any time after such installment becomes exercisable but no later than the termination date of such Option; provided that each Option shall become exercisable in full upon a Change in Control.

ARTICLE VIII

TRANSFERABILITY OF OPTIONS

No Options granted hereunder may be transferred, pledged, assigned or otherwise encumbered by an optionee except:

(a) by will;

(b) by the laws of descent and distribution; or

(c) if permitted by the Committee and so provided in the Option or an amendment thereto, (i) pursuant to a domestic relations order, as defined in the Code, (ii) to Immediate Family Members, (iii) to a partnership in which Immediate Family Members, or entities in which Immediate Family Members are the owners, members or beneficiaries, as appropriate, are the partners, (iv) to a limited liability company in which Immediate Family Members, or entities in which Immediate Family Members are the owners, members or beneficiaries, as appropriate, are the members, or (v) to a trust for the benefit of Immediate Family Members; provided, however, that no more than a de minimus beneficial interest in a partnership, limited liability company or trust described in (iii), (iv) or (v) above may be owned by a person who is not an Immediate Family Member or by an entity that is not beneficially owned solely by Immediate Family Members. "Immediate Family Members" shall be defined as the spouse and natural or adopted children or grandchildren of the optionee and their spouses.

Any attempted assignment, transfer, pledge, hypothecation or other disposition of Options, or levy of attachment or similar process upon Options not specifically permitted herein, shall be null and void and without effect.

ARTICLE IX

EXERCISE OF OPTIONS

SECTION 1. Each Option shall terminate 10 years after the date on which it was granted.

SECTION 2. Except in cases provided for in Article X hereof, each Option may be exercised by the holder thereof only while the optionee to whom such Option was granted is an Eligible Director.

SECTION 3. Each Option shall provide that the Option or any portion thereof may be exercised only during an Election Period. Each Option shall provide, however, that in the event of a Change in Control, the Election Period exercise requirement is waived.

SECTION 4. A person electing to exercise an Option or any portion thereof then exercisable shall give written notice to the Company of such election and of the number of Shares such person has elected to purchase, and shall at the time of purchase tender the full purchase price of such Shares, which tender shall be made in cash or cash equivalent (which may be such person's personal check) or in Shares already owned by such person (which Shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination

thereof. The Company shall have no obligation to deliver Shares pursuant to the exercise of any Option, in whole or in part, until such payment in full of the purchase price of such Shares is received by the Company. No optionee, or legal representative, legatee, distributee, or assignee of such optionee shall be or be deemed to be a holder of any Shares subject to such Option or entitled to any rights of a stockholder of the Company in respect of any Shares covered by such Option distributable in connection therewith until such Shares have been paid for in full and certificates for such Shares have been issued or delivered by the Company.

SECTION 5. Each Option shall be subject to the requirement that if at any time the Board shall be advised by counsel that the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option or the issue or purchase of Shares thereunder, such Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to such counsel for the Board.

SECTION 6. The Company may establish appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of Options, and to ensure that the Company receives prompt advice concerning the occurrence of any event that may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or that may make available to the Company any tax deduction resulting from the occurrence of such event.

ARTICLE X

TERMINATION OF SERVICE AS AN ELIGIBLE DIRECTOR

SECTION 1. If and when an optionee shall cease to be an Eligible Director for any reason other than death or retirement from the Board, all of the Options granted to such optionee shall be terminated except that any Option, to the extent then exercisable, may be exercised by the holder thereof within three months after such optionee ceases to be an Eligible Director, but not later than the termination date of the Option.

SECTION 2. If and when an optionee shall cease to be an Eligible Director by reason of the optionee's retirement from the Board, all of the Options granted to such optionee shall be terminated except that any Option, to the extent then exercisable or exercisable within one year thereafter, may be exercised by the holder thereof within three years after such retirement, but not later than the termination date of the Option.

SECTION 3. Should an optionee die while serving as an Eligible Director, all the Options granted to such optionee shall be terminated, except that any Option to the extent exercisable by the holder thereof at the time of such death, together with the unmatured installment (if any) of such Option which at that time is next scheduled to become exercisable, may be exercised within one year after the date of such death, but not later than the termination date of the Option, by the holder thereof, the optionee's estate, or the person designated in the optionee's last will and testament, as appropriate.

SECTION 4. Should an optionee die after ceasing to be an Eligible Director, all of the Options granted to such optionee shall be terminated, except that any Option, to the extent exercisable by the holder thereof at the time of such death, may be exercised within one year after the date of such death, but not later than the termination date of the Option, by the holder thereof, the optionee's estate, or the person designated in the

optionee's last will and testament, as appropriate.

ARTICLE XI

AMENDMENTS TO PLAN AND OPTIONS

The Board may at any time terminate or from time to time amend, modify or suspend this Plan; provided, however, that no such amendment or modification without the approval of the stockholders shall:

(a) except pursuant to Section 3 of Article IV, increase the maximum number (determined as provided in this Plan) of Shares that may be purchased pursuant to Options, either individually on an annual basis or in the aggregate; or

(b) permit the granting of any Option at a purchase price other than 100% of the Fair Market Value of the Shares at the time such Option is granted, subject to adjustment pursuant to Section 3 of Article IV.

Exhibit 21.1

List of Subsidiaries of
FM PROPERTIES INC.

Entity	Organized	Name Under Which It Does Buisness
FM Properties Operating Co.	Delaware	Same
Circle C Land Corp.	Texas	Same

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports included in this Form 10-K, into FM Properties Inc.'s previously filed Registration Statements (File Nos. 33-78798 and 333-31059).

By:/s/ Arthur Andersen

Arthur Andersen LLP

New Orleans, Louisiana
March 27, 1998

Exhibit 24.1

FM PROPERTIES INC.

SECRETARY'S CERTIFICATE

I, Michael C. Kilanowski, Jr., Secretary of FM Properties Inc. (the "Corporation"), a Delaware corporation, do hereby certify that the following resolution was duly adopted by the Board of Directors of the Corporation at a meeting held on February 10, 1993, and that such resolution has not been amended, modified or rescinded and is in full force and effect:

> RESOLVED, that any report, registration statement or other form filed on behalf of this corporation pursuant to the Securities Exchange Act of 1934, or any amendment to such report, registration statement or other form, may be signed on behalf of any director or officer of this corporation pursuant to a power of attorney executed by such director or officer.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Company on this the 30th day of March, 1998.

(Seal)

/s/ Michael C. Kilanowski, Jr.

Michael C. Kilanowski, Jr.
Secretary

Exhibit 24.2

POWER OF ATTORNEY

BE IT KNOWN: That the undersigned, in his capacity or capacities as an officer and/or a member of the Board of Directors of FM Properties Inc., a Delaware corporation (the "Company"), does hereby make, constitute and appoint WILLIAM H. ARMSTRONG, III, his true and lawful attorney-in-fact and with full power of substitution, to execute, deliver and file, for and on behalf of him, in his name and in his capacity or capacities as aforesaid, an Annual Report of the Company on Form 10-K for the year ended December 31, 1997, and any amendment or amendments thereto and any other document in support thereof or supplemental thereto, and the undersigned hereby grants to said attorney,full power and authority to do and perform each and every act and thing whatsoever that said attorney may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally or in the capacity or capacities as aforesaid, hereby ratifying and confirming all acts and things which said attorney may do or cause to be done by virtue of this Power of Attorney.

EXECUTED this 12th day of February, 1998.

/s/ Richard C. Adkerson

Richard C. Adkerson

POWER OF ATTORNEY

BE IT KNOWN: That the undersigned, in his capacity or capacities as an officer and/or a member of the Board of Directors of FM Properties Inc., a Delaware corporation (the "Company"), does hereby make, constitute and appoint WILLIAM H. ARMSTRONG, III and RICHARD C. ADKERSON, and each of them acting individually, his true and lawful attorney-in-fact with power to act without the others and with full power of substitution, to execute, deliver and file, for and on behalf of him, in his name and in his capacity or capacities as aforesaid, an Annual Report of the Company on Form 10-K for the year ended December 31, 1997, and any amendment or amendments thereto and any other document in support thereof or supplemental thereto, and the undersigned hereby grants to said attorneys, and each of them, full power and authority to do and perform each and every act and thing whatsoever that said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally or in the capacity or capacities as aforesaid, hereby ratifying and confirming all acts and things which said attorney or attorneys may do or cause to be done by virtue of this Power of Attorney.

EXECUTED this 12th day of February, 1998.

/s/ James C. Leslie

James C. Leslie

POWER OF ATTORNEY

BE IT KNOWN: That the undersigned, in his capacity or capacities as an officer and/or a member of the Board of Directors of FM Properties Inc., a Delaware corporation (the "Company"), does hereby make, constitute and appoint, WILLIAM H. ARMSTRONG, III and RICHARD C. ADKERSON, and each of them acting individually, his true and lawful attorney-in-fact with power to act without the others and with full power of substitution, to execute, deliver and file, for and on behalf of him, in his name and in his capacity or capacities as aforesaid, an Annual Report of the Company on Form 10-K for the year ended December 31, 1997, and any amendment or amendments thereto and any other document in support thereof or supplemental thereto, and the undersigned hereby grants to said attorneys, and each of them, full power and authority to do and perform each and every act and thing whatsoever that said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally or in the capacity or capacities as aforesaid, hereby ratifying and confirming all acts and things which said attorney or attorneys may do or cause to be done by virtue of this Power of Attorney.

EXECUTED this 12th day of February, 1998.

/s/ Michael D. Madden

Michael D. Madden

POWER OF ATTORNEY

BE IT KNOWN: That the undersigned, in his capacity or capacities as an officer and/or a member of the Board of Directors of FM Properties Inc., a Delaware corporation (the "Company"), does hereby make, constitute and appoint, WILLIAM H. ARMSTRONG, III and RICHARD C. ADKERSON, and each of them acting individually, his true and lawful attorney-in-fact with power to act without the others and with full power of substitution, to execute, deliver and file, for and on behalf of him, in his name and in his capacity or capacities as aforesaid, an Annual Report of the Company on Form 10-K for the year ended December 31, 1997, and any amendment or amendments thereto and any other document in support thereof or supplemental thereto, and the undersigned hereby grants to said attorneys, and each of them, full power and authority to do and perform each and every act and thing whatsoever that said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally or in the capacity or capacities as aforesaid, hereby ratifying and confirming all acts and things which said attorney or attorneys may do or cause to be done by virtue of this Power of Attorney.

EXECUTED this 12th day of February, 1998.

/s/ C. Donald Whitmire

C. Donald Whitmire

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This Schedule contains summary financial information extracted from
FM Properties Inc. financial statements at December 31, 1998 and for
the 12 months then ended, and is qualified in its entirety by reference
to such statements. The earnings per share (EPS) data shown below was prepared
in accordance with Statement of Financial Accounting Standard No.128,"Earnings
Per Share," and basic and diluted EPS have been entered in place of primary
and fully diluted, respectively.
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FM Properties adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share," (SFAS 128) in the fourth quarter of 1997 and restated prior years' earnings per share (EPS) data as required by SFAS 128. Presented below are the restated EPS amounts for the years ended December 31, 1996 and 1995, as well as, the 3-month periods ended March 31, 1997 and 1996, the 6-month period ended June 30, 1997.
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