

(a) unless otherwise specified, references to Sections and clauses are references to Sections and clauses of this Guaranty; and

(b) except as otherwise specifically provided herein, including without limitation in this Section 1.3(b), references to any document or agreement, including this Guaranty, shall be deemed to include references to such document or agreement as amended, supplemented or replaced and in effect from time to time in accordance with its terms and subject to compliance with the requirements set forth therein;

1.4 The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Guaranty.

SECTION 2. Guaranty. Subject to the provisions hereof, Guarantor hereby unconditionally and irrevocably guarantees, to the Beneficiary, as primary obligor and not as surety, the full and prompt payment when due of the Guaranteed Obligations. To the extent that Company shall fail to pay any Guaranteed Obligations, Guarantor shall promptly pay to Beneficiary the amount due.

SECTION 3. Limitation on Guarantor's Liability. Guarantor's liability hereunder shall be and is specifically limited to payments expressly required to be made in accordance with the Agreement, and in no event shall Guarantor be subject hereunder to any indirect, special, incidental, exemplary or consequential damages, losses, or liability of any kind whatsoever, including loss of utilization or use, loss of opportunity, loss of profits, business interruption or expected income, or any other damages, costs or attorneys' fees. The foregoing limitation shall apply for any and all manners of liability including liabilities based in contract, tort, statutory, regulatory, environmental or any basis in any law or equity. Notwithstanding anything herein to the contrary, the maximum aggregate liability of Guarantor in respect of the Guaranteed Obligations is limited to and shall not exceed **[total amount of security]** (it being understood that any payment by Guarantor or Company of any portion of the Guaranteed Obligations shall limit and reduce Guarantor's maximum aggregate liability hereunder on a dollar-for-dollar basis). Except as specifically provided in this Guaranty, Beneficiary shall have no claim, remedy or right to proceed against any past, present or future stockholder, partner, member, director or officer thereof for the payment of any of the Guaranteed Obligations, as the case may be, or any claim arising out of any agreement, certificate, representation, covenant or warranty made by Company in the Agreement.

SECTION 4. Payment Demand. If Company fails or refuses to pay any Guaranteed Obligations when due and owing, Beneficiary shall notify Company in writing of the manner in which Company has failed to pay and demand that payment be made by Company. If Company's failure or refusal to pay continues for a period of three (3) days after the date of Beneficiary's notice to Company, and Beneficiary has elected to exercise its rights under this Guaranty, Beneficiary shall make a demand upon Guarantor (hereinafter referred to as a "Payment Demand"). A Payment Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Company has failed to pay and an explanation of why such payment is due and owing, with a specific statement that Beneficiary is calling upon Guarantor to pay under this Guaranty. A Payment Demand satisfying the foregoing

requirements shall be deemed sufficient notice to Guarantor that it must pay such Guaranteed Obligations and such payment shall be made to Beneficiary by Guarantor within three (3) days after receipt of such Payment Demand. A single written Payment Demand shall be effective as to any specific default under the Agreement that is susceptible of being cured by the payment of money during the continuance of such default and additional written demands concerning such default shall not be required until such default is cured.

SECTION 5. Nature of Guaranty. This Guaranty constitutes a guaranty of payment when due and not of collection, and Guarantor specifically agrees that it shall not be necessary or required that the Beneficiary exercise any right, assert any claim or demand or enforce any remedy whatsoever against Company, either before or as a condition to the obligations of Guarantor hereunder; *provided* that Guarantor shall have the benefit of and the right to assert any defenses against the claims of the Beneficiary which are available to Company, and which would have also been available to Guarantor if Guarantor had been in the same contractual position as Company under the Agreement, other than (i) defenses arising from the insolvency, reorganization or bankruptcy of Company, (ii) defenses expressly waived in this Guaranty, and (iii) defenses previously asserted by Company against such claims to the extent such defenses have been finally resolved in the Beneficiary's favor by a court of last resort or by arbitration conducted pursuant to the Agreement. For the avoidance of doubt, a payment shall be due for purposes of this Guaranty only when and if a payment is due and payable by Company to the Beneficiary under the terms and conditions of the Agreement.

SECTION 6. Unconditional Obligations. An action may be brought and prosecuted against Guarantor to enforce this Guaranty, irrespective of whether any action is brought against Company, or whether Company is joined in any such action or actions. The liability of Guarantor under this Guaranty shall be continuing, irrevocable, absolute and unconditional irrespective of, and Guarantor hereby irrevocably waives, any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than satisfaction in full of the Guaranteed Obligations. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Beneficiary upon the insolvency, bankruptcy or reorganization of Company or otherwise, all as though such payment had not been made and, in such event, Guarantor will pay to the Beneficiary upon demand an amount equal to any such payment that has been rescinded or returned.

SECTION 7. Waiver. Except as set forth in this Guaranty, Guarantor hereby unconditionally waives (a) presentment, demand of payment, protest for nonpayment or dishonor, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations by the Beneficiary, and (b) any requirement that the Beneficiary enforce or exhaust any right or remedy or take any action against Company.

SECTION 8. Subrogation; Setoffs and Counterclaims. Notwithstanding anything in this Guaranty to the contrary, and in addition to any other rights of the Beneficiary to which Guarantor or any of its designees may be subrogated, to the extent Guarantor shall make or cause to be made any payment pursuant to this Guaranty, Guarantor shall be subrogated to all rights the Beneficiary may have under the Agreement in respect thereof; provided, however, that Guarantor shall be entitled to enforce such right of subrogation only after all rights of the Beneficiary with

respect to the Guaranteed Obligations shall have been fully satisfied. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, set-offs, counterclaims and other defenses to which Company or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Company.

SECTION 9. Representations and Warranties. Guarantor hereby represents and warrants, as follows:

(a) Guarantor is a societe anonime duly organized and validly existing under the laws of the France.

(b) The execution, delivery and performance by Guarantor of this Guaranty are within Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) Guarantor's organizational documents, (ii) any contractual restriction binding on or affecting Guarantor or (iii) applicable law.

(c) No authorization or approval by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by Guarantor of this Guaranty.

(d) There is no action, suit or proceeding now pending or, to Guarantor's knowledge, threatened against Guarantor before any court, administrative body or arbitral tribunal that could be reasonably likely to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

SECTION 10. Governing Law. This Guaranty shall be governed by and interpreted in all respects in accordance with the laws of the State of New York, United States of America, without reference to conflicts of laws (other than Section 5-1401 and Section 5-1402 of the New York General Obligations Law).

SECTION 11. Dispute Resolution.

(a) Meeting. In the event a dispute, controversy, or claim arises between Guarantor and Beneficiary relating to this Guaranty, the aggrieved party shall promptly provide notice of the dispute to the other party after such dispute arises. A meeting shall be held within fifteen (15) days between the parties, attended by representatives of the parties with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

(b) Consent to Jurisdiction. With respect to any suit, action or proceeding relating to this Guarantee, both Guarantor and Beneficiary irrevocably submit to the exclusive jurisdiction of the courts of the State of Texas and agree that all disputes in any way arising out of or resulting from this Guarantee shall be litigated, if at all, exclusively in the state and/or federal courts venued in Dallas County, Texas. Guarantor and Beneficiary accordingly hereby submit to the jurisdiction and venue of such courts for all purposes of the State of Texas. and waive any objection which it may have at any time to the laying of venue for any such suit, action or proceeding relating to this Guarantee,

waive any claim that such suit, action or proceeding relating to this Guarantee has been brought in an inconvenient forum and further waive the right to object, with respect to such suit, action or proceeding relating to this Guarantee, that such court does not have jurisdiction over it. By execution and delivery of this Guaranty, the Parties hereto accept, for themselves and in respect of their property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts.

SECTION 12. Waiver of Jury Trial. EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES ANY RIGHT IT MAY NOW OR HEREAFTER HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED HEREIN, OR ARISING OUT OF, UNDER, OR IN RESPECT OF THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE BENEFICIARY OR GUARANTOR.

SECTION 13. Amendments, Etc. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by Guarantor or the Beneficiary herefrom, shall in any event be effective unless the same shall be in writing and signed by the Beneficiary and Guarantor and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 14. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier) and mailed, telecopied or delivered to each of the Parties as follows:

if to Guarantor to:

[]

with a copy to:

[]

if to Beneficiary to:

Sharyland Utilities, L.P.

1807 Ross Ave., Suite #460

Dallas, Texas 75201-2300

Facsimile: 214/978-8810

Phone: 214/978-8243

Attn: Mark E. Caskey, P.E.

with a copy to:

Sharyland Utilities, L.P.

1807 Ross Ave., Suite 460

Dallas, TX 75201

Facsimile: 214-978-8810

Attn: Legal

All such notices and other communications shall be effective (a) if mailed, five (5) Business Days after deposit in the mails, postage prepaid, certified or registered, return receipt requested, (b) if telecopied, when sent and receipt has been confirmed by telephone (c) if delivered by hand or by courier, when signed for by or on behalf of the relevant Party, and (d) if sent by overnight delivery service (e.g., Federal Express, Emery, DHL or AirBorne), on the next Business Day.

SECTION 15. No Waiver Remedies. No failure on the part of the Beneficiary or Guarantor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 16. Severability. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 17. Counterparts. This Guaranty may be executed in one or more counterparts. Delivery of an executed signature page of this Guaranty by facsimile transmission shall be effective as delivery of a manually executed counterpart thereof.

SECTION 18. Entire Agreement. This Guaranty and any agreement, document or instrument referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect of the subject matter hereof.

SECTION 19. Continuing Guaranty. Notwithstanding anything to the contrary in the Agreement, this Guaranty is a continuing guaranty and shall remain in full force and effect until the earliest to occur of (a) the first anniversary of the end of the Term, or (b) payment in full of the Guaranteed Obligations.

SECTION 20. Successors and Assigns. This Guaranty shall be binding upon the Parties and their successors and assigns and inure to the benefit of and be enforceable by the Parties and their successors and assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Guarantor and the Beneficiary have caused this Guaranty to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

[_____]

By: _____

Name:

Title:

Accepted and agreed to
as of the date first
above written:

Sharyland Utilities, L.P.

By: _____

Name: Mark E. Caskey, P.E.

Title: President