

KCS ENERGY CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS, OFFICERS AND EMPLOYEES OF THE COMPANY

This Code of Business Conduct and Ethics (the “Code”) applies to directors, officers and employees of KCS Energy, Inc. (the “Company”), including the Company’s majority-owned subsidiaries, and is adopted in compliance with the requirements of the New York Stock Exchange (the “NYSE”).

The Code is subject to all applicable law. Nothing in the Code is intended to require any action contrary to law. In the event that the Code conflicts with any law, directors, officers and employees must comply with the law. Nothing in the Code is intended or will be considered (1) to amend the Certificate of Incorporation or By-laws of the Company, (2) to change the legal duties imposed upon directors, officers or employees under state, federal and other applicable statutes, rules and regulations, (3) to expand the liabilities of directors, officers or employees beyond applicable law, or (4) to affect any rights available to directors, officers or employees under state and other applicable law or the Company’s Certificate of Incorporation or By-laws. Directors and officers shall also be entitled to the benefits of indemnification to the fullest extent permitted by law, the Company’s Certificate of Incorporation and By-laws, and to exculpation as provided by state law and the Company’s Certificate of Incorporation.

The Code may be amended, modified or waived from time to time. This Code may be amended, modified or waived by the Board of Directors of the Company. Waivers may also be granted by a committee of the Board of Directors that consists of directors who are independent under the rules of the NYSE. Any amendments, modifications or waivers of the Code will be promptly disclosed in accordance with applicable securities laws and the applicable rules of the NYSE. This disclosure requirement also applies to any de facto waiver when a director or officer violates the Code but is not subjected to any internal sanctions.

Please consult the Vice President, Human Resources if you have any questions about the Code or ethical behavior under the Code.

The Company has existing policies and procedures that apply to all employees, including directors. This Code has been adopted by the Board of Directors in order to comply with the corporate governance rules of the NYSE, and is intended to supplement, but not replace, the other policies and procedures of the Company.

Honest And Ethical Conduct

Each director, officer and employee must demonstrate honest and ethical conduct in fulfilling his or her duties, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Conflicts of Interest

Conflicts of interest must be avoided without prior approval. A “conflict of interest” occurs when an individual’s private interest interferes in any way, or even appears to interfere, with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of the employee’s, officer’s or director’s position in the Company, whether received from the Company or a third party.

Each employee, officer and director must disclose to the Company any conflicts of interest, including any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest. Each employee, officer and director should communicate directly to the Vice President, Human Resources, President, or to the Audit Committee or the full Board of Directors if the employee, officer or director becomes aware of a conflict of interest or a potential conflict of interest. If the conflict or potential conflict involves the Vice President, Human Resources, President or a director, disclosure should be made to the Audit Committee or the full Board of Directors.

Employees, officers and directors and their family members are prohibited from accepting any personal loans from the Company or allowing the Company to guarantee any of their personal obligations, except as may be permitted and accurately disclosed under applicable law.

Corporate Opportunities

Each director, officer and employee is prohibited from (1) taking for himself or herself personally any opportunity that is discovered through the use of Company property, information or position, (2) using Company property, information or position for personal gain, or (3) competing with the Company. Directors, officers and employees owe a duty to the Company to advance the Company's legitimate corporate interests when the opportunity to do so arises.

Confidentiality

Directors, officers and employees must maintain the confidentiality of important non-public information entrusted to them by the Company or its customers in the course of their duties, except when disclosure is authorized or legally mandated.

Each officer or employee who communicates with analysts and investors must comply with Regulation FD.

Fair Dealing

Each director, officer and employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. No one should take unlawful and unfair advantage of the Company's customers, suppliers, competitors and employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

Protection and Proper Use of Company Assets

All directors, officers and employees should endeavor to protect the Company's assets and ensure their efficient use.

Compliance with Laws, Rules and Regulations

Each director, officer or employee is required to comply with all applicable governmental laws, rules and regulations, including legal prohibitions on "insider trading." Executive officers and directors must comply with reporting laws applicable to transactions in the Company's securities.

Each director, officer and employee is prohibited from taking any action to improperly influence, coerce, manipulate or mislead the Company's internal or outside auditors or to prevent such persons from performing a diligent audit of the Company's financial statements.

Reporting of Illegal or Unethical Behavior

Any director, officer or employee who believes in good faith that (1) violations of this Code or other illegal or unethical conduct by directors, officers or employees of the Company have occurred or may occur, or (2) the Company's financial disclosures are misleading as a result of accounting or auditing irregularities, should promptly contact the Vice President, Human Resources, President or the Audit Committee of the Company using the procedures specified in the Company's whistleblower policy.

Accountability for Adherence to the Code

Each director, officer and employee is responsible for adhering to this Code. Any director, officer or employee who violates this Code will be subject to appropriate disciplinary action. The Company will take disciplinary action against any director, officer or employee who retaliates directly or indirectly against any director, officer or employee who reports actual or suspected violations of this Code.

Date adopted: April 1, 2004